

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED SEPTEMBER 30, 2022 AND 2021



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YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Eastern Pennsylvania, Inc. as of September 30, 2022 and 2021, 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 26, 2023

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 2,030,541	\$ 4,188,303
Accounts Receivable, Net of Allowance of \$5,365 and \$1,000 in 2022 and 2021, Respectively	23,498	17,786
Pledges Receivable, Net of Allowance of \$39,000 in 2022 and 2021	219,773	270,406
Merchandise Held for Resale	304,358	272,808
Prepaid Expenses and Other Assets	131,056	106,841
Investments	14,961,846	17,108,778
Land, Buildings, and Equipment, Net	16,423,290	16,689,007
Assets Held in Trust	393,929	503,666
Total Assets	\$ 34,488,291	\$ 39,157,595
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 372,859	\$ 333,206
Accrued Expenses	416,354	604,984
Other Liabilities	203,615	194,478
Deferred Revenue	121,742	74,702
Loan Payable	-	10,950
Bonds Payable, Net	469,136	603,020
Paycheck Protection Program Loan	-	1,186,297
Total Liabilities	1,583,706	3,007,637
NET ASSETS		
Without Donor Restrictions	31,481,725	34,387,012
With Donor Restrictions	1,422,860	1,762,946
Total Net Assets	32,904,585	36,149,958
Total Liabilities and Net Assets	\$ 34,488,291	\$ 39,157,595

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 ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Grants and Contributions	\$ 266,468	\$ 442,560	\$ 709,028
Legacies and Bequests	52,283	-	52,283
Major Events	558,872	-	558,872
In-Kind Contributions	112,048	-	112,048
United Way Allocation	500	171,063	171,563
Net Assets Released from Restrictions	845,659	(845,659)	-
Total Public Support	1,835,830	(232,036)	1,603,794
REVENUE			
Program and Related Fees:			
Cookie Program:			
Revenue	11,103,851	-	11,103,851
Cost of Goods	(2,997,619)	-	(2,997,619)
Magazine/Nuts About Reading Program:			
Revenue	450,712	-	450,712
Cost of Goods	(211,679)	-	(211,679)
Program Service Fees	1,242,947	-	1,242,947
Total Program and Related Fees Revenue	9,588,212	-	9,588,212
OTHER REVENUE			
Sales of Merchandise:			
Gross Receipts	505,717	-	505,717
Direct Costs	(235,991)	-	(235,991)
Endowment Earnings Used for Operations	355,855	28,958	384,813
Miscellaneous Revenue	82,733	-	82,733
Total Other Revenue	708,314	28,958	737,272
Total Public Support and Revenue	12,132,356	(203,078)	11,929,278
EXPENSES			
Program Services:			
Membership Services	3,678,170	-	3,678,170
Camp Programs	2,939,357	-	2,939,357
Other Girl Programs	4,764,295	-	4,764,295
Total Program Services	11,381,822	-	11,381,822
General and Administrative	1,817,491	-	1,817,491
Fundraising	940,780	-	940,780
Total Expenses	14,140,093	-	14,140,093
CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION			
	(2,007,737)	(203,078)	(2,210,815)
DEPRECIATION			
	1,347,243	-	1,347,243
CHANGES IN NET ASSETS FROM OPERATIONS			
	(3,354,980)	(203,078)	(3,558,058)
OTHER CHANGES IN NET ASSETS			
Gain on Extinguishment of Debt	1,588,652	-	1,588,652
Realized and Unrealized Gain on Investments	1,427,721	112,204	1,539,925
Endowment Earnings Used for Operations	(355,855)	(28,958)	(384,813)
Investment Income	250,700	17,785	268,485
Capital Campaign Contributions	-	168,252	168,252
Total Other Changes in Net Assets	2,911,218	269,283	3,180,501
CHANGES IN NET ASSETS			
	(443,762)	66,205	(377,557)
Net Assets - Beginning of Year	34,830,774	1,696,741	36,527,515
NET ASSETS - END OF YEAR	\$ 34,387,012	\$ 1,762,946	\$ 36,149,958

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
Occupancy	44,111	587,694	50,594	682,399	36,446	17,927	736,772
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
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 FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Services			Total	General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs				
EXPENSES FROM OPERATIONS							
Salaries	\$ 2,157,921	\$ 932,753	\$ 961,243	\$ 4,051,917	\$ 785,004	\$ 503,710	\$ 5,340,631
Employee Health and Retirement	629,916	272,279	280,595	1,182,790	229,150	147,037	1,558,977
Payroll Taxes	119,131	47,582	79,006	245,719	87,112	37,774	370,605
Total Salaries and Related Expenses	2,906,968	1,252,614	1,320,844	5,480,426	1,101,266	688,521	7,270,213
Computer Expenses and Equipment	163,583	75,495	53,587	292,665	67,331	48,589	408,585
Insurance	14,074	196,863	23,883	234,820	9,765	3,101	247,686
Interest and Amortization	194	117	155	466	62,158	194	62,818
Occupancy	36,632	513,372	43,012	593,016	33,110	8,057	634,183
Other Expenses	33,166	206,029	34,775	273,970	39,252	140,517	453,739
Program Fees	-	18,935	14,171	33,106	-	-	33,106
Troop and Service Unit Support for Program Participation	-	-	2,347,442	2,347,442	-	-	2,347,442
Postage and Shipping	167	10,681	279,009	289,857	76,014	384	366,255
Printing, Promotion, and Advertising	70,911	39,546	50,022	160,479	23,501	1,374	185,354
Professional Fees	119,164	49,697	28,285	197,146	331,477	17,693	546,316
Food	3,653	254,854	19,719	278,226	1,561	3,683	283,470
Specific Assistance	121,560	125,275	20,850	267,685	-	-	267,685
Supplies	56,011	92,638	482,172	630,821	36,124	7,546	674,491
Telecommunications	139,268	32,997	32,820	205,085	31,950	18,972	256,007
Travel	12,819	70,244	13,549	96,612	3,982	2,149	102,743
Total Operational Expenses	3,678,170	2,939,357	4,764,295	11,381,822	1,817,491	940,780	14,140,093
Depreciation	78,886	1,105,518	90,686	1,275,090	54,803	17,350	1,347,243
Total Functional Expenses	<u>\$ 3,757,056</u>	<u>\$ 4,044,875</u>	<u>\$ 4,854,981</u>	<u>\$ 12,656,912</u>	<u>\$ 1,872,294</u>	<u>\$ 958,130</u>	<u>\$ 15,487,336</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,245,373)	\$ (377,557)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	1,348,190	1,347,243
Amortization of Debt Issuance Costs	11,116	11,117
Restricted Long Term Contributions	(349,731)	(168,252)
Change in Value of Assets Held in Trust	109,737	(90,430)
Bad Debt Expense	42,731	6,757
Gain on Sale of Assets	(8,500)	-
Gain on Extinguishment of Debt	(1,200,796)	(1,588,652)
Realized and Unrealized Loss (Gain) on Investments	3,404,355	(1,539,925)
(Increase) Decrease in Assets:		
Accounts Receivable	(11,336)	894
Pledges Receivable	13,526	62,286
Merchandise Held for Resale	(31,550)	87,570
Prepaid Expenses and Other Assets	(24,215)	(36,394)
Deferred Compensation Plan Assets	-	110,492
Increase (Decrease) in Liabilities:		
Accounts Payable	39,653	156,104
Accrued Expenses	(174,131)	(94,872)
Other Liabilities	9,137	(19,511)
Benefit Plan Liability	-	(110,492)
Deferred Revenue	47,040	57,545
Net Cash Used by Operating Activities	(20,147)	(2,186,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(1,412,473)	(1,544,421)
Proceeds from Sale of Assets	338,500	-
Proceeds from Sale of Investments	2,457,312	4,181,236
Purchase of Investments	(3,714,735)	(2,800,482)
Net Cash Used by Investing Activities	(2,331,396)	(163,667)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond Principal Payments	(145,000)	(140,000)
Restricted Long-Term Contributions	349,731	168,252
Proceeds from Paycheck Protection Program Borrowings	-	1,186,297
Payments on Loan Payable	(10,950)	(4,250)
Net Cash Provided by Financing Activities	193,781	1,210,299
DECREASE IN CASH AND CASH EQUIVALENTS	(2,157,762)	(1,139,445)
Cash and Cash Equivalents - Beginning of Year	4,188,303	5,327,748
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,030,541	\$ 4,188,303
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 26,090	\$ 31,986

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, and only 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 22,500 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 12,400 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, 2022 AND 2021

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, 2022 and 2021, was \$1,348,190 and \$1,347,243, respectively. Costs of ordinary maintenance repairs that do not materially extend asset useful lives are expensed as incurred (see Note 8).

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 (\$295,692 in 2022 and \$185,354 in 2021) are charged to operations when incurred.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021 totaled \$49,154 and \$112,048, respectively.

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, 2022 AND 2021

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.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. This standard establishes guidance that will result in a more comprehensive representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions. The guidance outlined in ASU 2016-02 will be effective for GSEP's fiscal year ending September 30, 2023. GSEP is assessing the impact this standard will have on its financial statements.

Risks and Uncertainties

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to GSEP, COVID-19 may impact various parts of its 2023 operations and financial results. Management believes GSEP is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to develop.

Subsequent Events

In preparing these financial statements, GSEP has evaluated events and transactions through January 26, 2023, the date the financial statements were available to be issued.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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 year ended September 30, 2022 and 2021:

	2022	2021
Revenues Recognized at a Point in Time:		
Cookie Program	\$ 16,746,275	\$ 11,103,851
Fall Product Program	520,062	450,712
Merchandise Sales	726,928	505,717
	17,993,265	12,060,280
Revenues Recognized over Time:		
Program Service Fees	1,899,859	1,242,947

GSEP did not have significant contract assets and liabilities as of September 30, 2022, 2021 or 2020.

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.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,928,873	\$ 4,000,603
Government Bonds	1,496,565	-
Accounts Receivable	23,498	17,786
Promises to Give	130,337	150,804
Distributions from Beneficial Interests in Assets		
Held by Others	21,341	20,850
Endowment Spending-Rate Distributions		
Appropriations	389,911	372,827
Total	<u>\$ 3,990,525</u>	<u>\$ 4,562,870</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 \$6,738,527 and \$8,634,010 as of September 30, 2022 and 2021, 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 \$6,024,431 and \$7,711,684 as of September 30, 2022 and 2021, 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, 2022 AND 2021

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, 2022 and 2021, are summarized as follows:

	<u>2022</u>	<u>2021</u>
Certificates of Deposit	\$ 2,523	\$ 2,523
Mutual Funds:		
Fixed Income	6,246,839	9,350,727
Domestic Equities	4,396,636	4,688,998
International Equities	2,754,351	2,987,619
Pooled Income Fund	64,932	78,911
Government Bonds	1,496,565	-
Total Investments	<u>\$ 14,961,846</u>	<u>\$ 17,108,778</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dividends and Interest	\$ 364,017	\$ 299,505
Realized Gain on Investments	344,442	1,359,748
Unrealized (Loss) Gain on Investments	(3,748,797)	180,177
Investment Fees	(28,920)	(31,020)
Total Investment Income	<u>\$ (3,069,258)</u>	<u>\$ 1,808,410</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, 2022 AND 2021

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, 2022 and 2021:

	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>

	Investment Assets at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 9,350,727	\$ -	\$ -	\$ 9,350,727
Domestic Equities	4,688,998	-	-	4,688,998
International Equities	2,987,619	-	-	2,987,619
Assets Held in Trust	-	-	503,666	503,666
Total Investment Assets at Fair Value	<u>\$ 17,027,344</u>	<u>\$ -</u>	<u>\$ 503,666</u>	17,531,010
Investments Measured at Net Asset Value per Share				78,911
Certificates of Deposit				2,523
Total				<u>\$ 17,612,444</u>

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021, 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
	2022	2021		
Assets Held In Trust	\$ 393,929	\$ 503,666	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, 2022 AND 2021

NOTE 6 ENDOWMENT (CONTINUED)

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>

GSEP's endowment funds had the following activity for the year ended September 30, 2021:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,692,876	\$ 818,082	\$ 8,510,958
Investment Return:			
Dividends and Interest	127,352	17,785	145,137
Net Appreciation	1,169,637	21,774	1,191,411
Contributions	-	250	250
Income Expended for Scholarships	-	(3,450)	(3,450)
Endowment Earnings Used for Operations	(355,855)	(28,958)	(384,813)
Changes in Net Assets	941,134	7,401	948,535
Endowment Net Assets - End of Year	<u>\$ 8,634,010</u>	<u>\$ 825,483</u>	<u>\$ 9,459,493</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 40% and 60%, fixed income between 40% and 60%, and cash equivalents between 0% and 10%.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021, the amount released for operations was \$372,827 and \$355,855, 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, 2022 or 2021.

NOTE 7 PLEDGES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Less than One Year	\$ 225,820	\$ 266,414
One to Five Years	34,950	44,683
Gross Unconditional Promises to Give	<u>260,770</u>	<u>311,097</u>
Less: Discount to Net Present Value	(1,997)	(1,691)
Less: Allowance for Uncollectible Promise to Give	<u>(39,000)</u>	<u>(39,000)</u>
Net Grant and Pledges Receivable	<u><u>\$ 219,773</u></u>	<u><u>\$ 270,406</u></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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 3,257,095	\$ 3,548,696
Buildings	30,878,966	29,373,491
Equipment	4,069,053	3,789,455
Construction-in-Progress	<u>298,283</u>	<u>738,038</u>
Total	<u>38,503,397</u>	<u>37,449,680</u>
Less: Accumulated Depreciation	<u>(22,080,107)</u>	<u>(20,760,673)</u>
Total	<u><u>\$ 16,423,290</u></u>	<u><u>\$ 16,689,007</u></u>

GSEP did not have outstanding commitments on uncompleted construction contracts as of September 30, 2022.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2023. Interest is payable on any outstanding balances on the line of credit at the one-month variable London Interbank Offered Rate (LIBOR) plus 3.25% (LIBOR was 0.08% as of September 30, 2021). On June 3, 2022, the loan agreement was amended to change the interest rate at the one-month LIBOR plus 3.25% to Secured Overnight Financing Rate (SOFR) plus 3.25% (SOFR was 2.98% as of September 30, 2022). There were no amounts outstanding on the line of credit as of September 30, 2022 or 2021.

NOTE 10 LEASE OBLIGATIONS

GSEP leases office equipment under noncancelable operating leases. Total expense was \$100,803 and \$123,919 for the years ended September 30, 2022 and 2021, respectively.

Scheduled future payments are 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 0.61% and 0.06% for the years ended September 30, 2022 and 2021, 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 2023.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 11 BONDS PAYABLE, NET (CONTINUED)

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>	
2023	\$	155,000
2024		165,000
2025		175,000
Total	<u>\$</u>	<u>495,000</u>
	<u>2022</u>	<u>2021</u>
Bonds Payable as of September 30	\$ 495,000	\$ 640,000
Less: Unamortized Bond Issuance Costs	25,864	36,980
Bonds Payable, Net	<u>\$ 469,136</u>	<u>\$ 603,020</u>

Interest expense on the bonds and letter of credit fees totaled \$5,782 and \$4,163 for the years ended September 30, 2022 and 2021, 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 and \$11,117 the years ended September 30, 2022 and 2021, respectively. The bond issuance costs are presented net of the bonds payable on the statement of financial position.

NOTE 12 LOAN PAYABLE

In October 2017, GSEP purchased a new vehicle financed with a 75-month loan. Monthly payments are \$419 at an interest rate of 5.86%. GSEP paid the loan in full during fiscal year 2022.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 13 PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, GSEP received a loan from TD Bank in the amount of \$1,568,437 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 April 13, 2020 to September 27, 2020, is the time that GSEP has to spend the PPP Loan funds.

On July 27, 2021, the PPP Loan, including interest of \$20,215, 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, 2021.

On March 11, 2021, GSEP received a second PPP Loan from TD Bank in the amount of \$1,186,297. This loan follows the same regulations as the first PPP Loan and the covered period is from March 11, 2021 to August 25, 2021. On May 25, 2022, the second 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 14 NET ASSETS

Net assets without donor restrictions are available for the following purposes as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 18,718,767	\$ 18,041,318
Board Designated Endowment	6,738,527	8,634,010
Board Designated Land, Building, and Equipment	6,024,431	7,711,684
Total	<u>\$ 31,481,725</u>	<u>\$ 34,387,012</u>

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 14 NET ASSETS (CONTINUED)

Net assets with donor restrictions consist of the following funds restricted for time and/or purpose as of September 30, 2022 and 2021:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Endowment Earnings for Scholarships, Camperships and Program Support	\$ 57,326	\$ 59,714
Capital Improvements	33,817	95,835
Program Support and Scholarships	49,367	26,865
Promises to Give that are Restricted by Donors and which are Unavailable for Expenditure until Due:		
Program Support	48,640	127,271
Capital Improvements	121,433	97,417
Subject to Passage of Time:		
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	90,697	86,409
Endowment Appreciation	(8,220)	131,055
Endowment Corpus to be Maintained in Perpetuity	635,871	634,714
Interest in Perpetual Trust Held in Perpetuity	393,929	503,666
Total Net Assets with Donor Restrictions	\$ 1,422,860	\$ 1,762,946

NOTE 15 COOKIE PROGRAM

Cookie Program revenue represents gross cookie revenues earned of \$16,746,275 and \$11,103,851 less the direct cost of cookies purchased from the baker of \$4,587,893 and \$2,997,619 for the years ended September 30, 2022 and 2021, 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 \$4,765,675 and \$3,218,828 were allocated to Other Girl Programs in 2022 and 2021, respectively.

NOTE 16 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, 2022 AND 2021

NOTE 16 BENEFIT PLANS (CONTINUED)

Net plan assets grew during the year and are greater than the actuarial present value of accumulated plan benefits as of January 1, 2022. 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 2022 and 2021 were \$32,200,000 and \$32,700,000, respectively. Aggregate contributions to be made by GSUSA in fiscal 2023 are expected to be \$27,550,000.

GSEP made contributions into the NGSCR of \$689,638 and \$690,888 during the years ended September 30, 2022 and 2021, 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, 2022 and 2021, were \$101,122 and \$104,978, respectively.

GSEP provides a 457(b) deferred compensation plan covering certain eligible employees. Employer contributions to the 457(b) plan are based on the plan document and subject to certain IRS limits. Changes in the plan's assets were a decrease of \$110,492 for the year ended September 30, 2021. The Plan's assets are invested in mutual funds and fixed income which are categorized as level 1 investments in the fair value hierarchy. There were no contributions to the plan for the year ended September 30, 2021. The plan was liquidated in June 2021.

NOTE 17 RELATED PARTY TRANSACTIONS

GSEP remitted to GSUSA membership dues aggregating \$286,582 and \$192,330 for the years ended September 30, 2022 and 2021, respectively. Accrued expenses include \$6,045 and \$1,390 for amounts collected, but not remitted to, GSUSA as of September 30, 2022 and 2021, 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, 2022 and 2021, and our report thereon dated January 26, 2023, 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, 2022, 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 26, 2023

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2022
(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). Girl Scouts 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 2022 (October 1, 2021-September 30, 2022), GSEP provided the Girl Scout Leadership Experience (GSLE) to more than 22,000 girls, with the help of more than 12,000 adult members.

Program Accomplishments FY22

Coming out of two fiscal years and two member years of a global pandemic, in FY22 GSEP started to resemble a “new normal” version of itself and started to rebuild our membership base. Schools were back in-person (though many did not allow outside partners inside), more employers were welcoming staff back to the office, including GSEP in a hybrid model. By spring of 2022, most adults and many young people had received at least one dose of the vaccine, bringing new hope to our communities. This meant more people felt comfortable gathering when socially distant and outdoors. We now had the chance to deliver the Girl Scout Leadership Experience (GSLE) in our more traditional ways, in-person troop meetings and events and cookie booths.

January 2022 was our first normal Cookie Season since pre-pandemic days, and our Girl Scouts delivered. While some troops were at first careful about committing to in-person booths, many added them to their schedules once the season was underway, realizing the potential to bring their community what they missed for two years – Girl Scouts in person selling Girl Scout Cookies.

Camp season was back to normal, as well. By the time summer rolled around, GSEP was at full capacity and unlimited offerings for campers.

Strategy and New Markets

The strategic plan for membership year 2021-22 (MY22), started with data - a 6-year analysis of girl registration by month. This exercise outlined a “big picture” view of GSEP’s work and a better understanding of registration activity.

Two main takeaways of this data were:

- Girl Scouts has an 18-month registration cycle that begins in the spring with Early Renewal and Extended Year Registration
- September consistently sees the highest monthly girl registration for the upcoming membership year

Armed with this insight, GSEP took steps to make the most of these opportunities.

MY22 kicked off in April of 2021 with a GSUSA national incentive event with Michelle Obama, tiered girl incentives for early renewal through June, and a council-wide recruitment event called *Meet Us at Rita’s* in September. We added 862 extended year girl members in MY22 and started MY22 at 47% of our girl goal.

Data analysis continued to be a central part of our strategic planning for membership year 2021-22. GSEP began to focus on developing a **community strategy** to not only grow our membership in MY22 but to also elevate our targeted efforts to ensure all girls in our 9-county footprint were aware of and had access to the Girl Scout Leadership Experience. This community-based analysis continued throughout the membership year.

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GSUSA provided **persona data**, which is a summary of characteristics of families in GSEP's footprint, that could be analyzed by city, zip code or county. This data unveiled Girl Scouts has a strong presence in communities where Girl Scouts is needed. This data drove our social media, paid marketing, and membership campaigns during the fall recruitment season that included a targeted gift of membership offer during the holidays.

In February and early March, GSEP's Service Units hosted **Daisy Launch** events. Using troop data, filling available space in Daisy troops was prioritized. During these five weeks, 259 new Daisies joined GSEP and received their first Girl Scout patch.

In spring of 2022, GSEP launched a targeted recruitment campaign focused on the **extended year membership**. This membership type, available April through July, offers new girls and adults the opportunity to be Girl Scouts for the remainder of the current year through to end of the next membership year for a reduced rate of \$35. Opting for specific zip code research, GSEP targeted areas where Girl Scouts is thriving and where GSEP can grow. The overall goal of the campaign was to drive awareness of membership opportunities for new girls. GSEP successfully added 1,099 MY22 girls and 408 MY23 girls.

Another opportunity presented by the extended year membership is introducing Girl Scouts to pre-K, K, and 1st grade girls, preparing them for their future as Daisies. GSEP mailed an introduction letter with **Girl Scout Daisy information to daycares** throughout its 9-county footprint. GSEP welcomed 344 new Daisies for MY22 and 483 for MY23.

GSEP's overall goal for extended year registration was 500 girls and 500 adults; and successfully welcomed 1,390 girls and 501 adults.

The **Girl Scouts Early Renewal season** runs from April 1st through June 30th each year. GSUSA again kicked off the renewal season by hosting another national incentive event, **Kristen Bell, and Girl Scouts: Paint Your World Purple**.

In 2022, GSEP offered tiered one-of-a-kind incentives designed exclusively for GSEP's Girl Scouts. 7,224 girls received the decal set for renewing by May 31st and 9,995 girls received the patch incentive for renewal by the end of June, moving closer to pre-pandemic renewal season numbers.

We also adjusted the incentive approach and offered Troop Leaders a free renewal for themselves or another volunteer in their troop. The goal was to renew 70% of Leaders during early renewal - 75% was reached.

Lastly, Service Units were offered an opportunity to earn a cash incentive this year. Any Service Unit who renewed 60% or more of their girls by June 30th received the equivalent in an ACH cash transfer. 11 service units received this new incentive.

GSEP offered a free extended year membership from August 15th through September 15th and, again, used data to target a paid social media campaign. 854 new Girl Scouts joined because of this opportunity.

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On September 22, GSEP held the **2nd Annual Girl Scout Celebration Night**, inviting current Girl Scouts to come in uniform or new Girl Scouts to join and receive a free sweet treat and “All Fun. No Filter.” patch at local businesses throughout our community. 48 service units hosted 55 events. September registration brought in 14% of the goal, 2% off pre-pandemic levels. More importantly, Girl Scout, volunteer and new family turnout was amazing and confirmed that Girl Scouts are resilient and ready to put the global pandemic in the past.

Member and Community Excellence

In FY22 GSEP saw a slight rebound in Girl Membership with 22,534 girls, a 12.3% increase over prior year. Adult Membership was also up, 13.6%, to 12,409.

In June, GSEP reorganized into three Regional Communities:

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 is led by a Regional Mission Delivery Director and includes Community Engagement Specialists, Volunteer Experience Specialists, and Girl Experience Specialists. This approach brings the Transformation Strategy to life with communities at the center.

Part of the plan developed in FY22 focuses on Philadelphia with equity being at the center of this decision. Philadelphia has the lowest market share of girls participating in the 9-county footprint, and in alignment with the three core goals, GSEP has an increased commitment to ensuring that every girl in Philadelphia is aware of and has access to the Girl Scout Leadership Experience. GSEP added staff to support its work in the city, and through the Pew Charitable Trusts' Evaluation Capacity Building Initiative, GSEP launched plans to do research in three Philadelphia zip codes to learn more about what their communities need for girls. This will inform further evaluation and programming for FY23 and beyond.

The 2022 Cookie Program ran from January 20 – March 13. The Cookie Program closed with \$16,746,275 in gross revenue, and a per girl average (PGA) of 294 boxes, surpassing the FY21 PGA of 235 boxes. 75.7% of registered Girl Scouts participated, or 14,075 girls. By comparison, in the previous year an average of 68% of registered Girl Scouts participated. GSEP took advantage of some new opportunities including GSUSA's national partnership with DoorDash. Customers could order cookies for delivery within the geographic radius of locations selected by participating service units. GSEP partnered with GoPuff Inc. at the end of the program to purchase excess inventory, leaving GSEP with minimal inventory.

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In FY22, Fundraising at GSEP exceeded its goal. All three Take the Lead fundraising events: Philadelphia, Berks County and Lehigh Valley, were once again 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 2022, GSEP were 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 109% of its goal. Individual giving and United Way efforts surpassed their fundraising goals, while GSEP's foundation and corporate grants reached 81% of their total fundraising goal.

Operational Excellence

GSEP celebrated 626 Bronze Award Girl Scouts and held in-person award ceremonies for 160 Silver Award Girl Scouts and 63 Gold Award Girl Scouts.

Moving into a more normal year after the effects of COVID-19, GSEP's four resident camps and three-day camps hit the ground running, securing 652 registrations ahead of the total in MY21. GSEP was able to meet staffing requirements with greater ease than the previous summer, with internationals returning, and continued utilization of volunteers and some full-time staff. During the seven weeks of summer camp, GSEP provided 3,721 camp experiences. Of these 3,721, there were 1,425 registrations for day camp, and 2,296 registrations for resident camp. Campers in grades K-3 made up 24% of all GSEP camp registrations. Cadettes and older girls made up 43% of camp registrations. The average age of all campers was 10.4 years; 9.0 years for day camp and 11.3 years for resident camp.

Girl Scouts Beyond Bars (GSBB) has been an important life-changing program at GSEP since the 1990s and is rebounding now after the shutdowns of the pandemic. GSEP continued to rebuild membership and in FY21, was able to get back into the prison so Girl Scouts could visit their mothers again. Prior to the pandemic, girls could visit their mothers twice a week, and the other two weeks of the month the girls met with one another as a troop. GSEP also worked on plans to launch a father and daughter GSBB program in the prison.

GSEP's Community Engagement team along with additional staff served 718 girls in Summer Programs in Berks, Bucks, Delaware, Northampton, and Philadelphia counties at community centers, recreation centers, parks, and other partner sites. GSEP aimed to serve more girls through this program, however, many partner locations were struggling with basic staffing requirements and were unable to fulfill commitments for outside partners to come into their sites.

F.A.L.L. 2022 brought together 124 participants from all over GSEP for a virtual day of learning, networking, and fun. The committee created impressive oceanic-themed decorations, while volunteers participated in workshops, listened to presenters, and had camp-filled fun time getting prepared to serve girls.

Planning began for the Girls Scouts 56th National Council Session, which will be held in July 2023. GSEP will send 16 NCS Delegates and 2 Alternates. Delegates from every council across the nation and USA Girl Scouts Overseas meet to discuss, debate, and vote on issues important to the Girl Scout Movement, and elect national leaders for the next triennium.

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Volunteer Awards was held in person on November 9, 2021, at Camp Laughing Waters. It was a wonderful opportunity to thank Volunteers for going above and beyond during the pandemic to make sure Girl Scouts in their community had access to the GSLE, as best they could. 130 Volunteers and 7 Service Units were recognized for their exemplary service to GSEP during the Member Year. There were 32 numeral guard pics awarded, totally 1,540 years of collective service to Girl Scouts. Four recipients received the CEO Award, which recognizes the efforts of a Service Unit in moving its assigned area toward the council's goals and objectives of Service, Learning, and Growth in Membership Year 2021.

Functional Excellence

The FY22 Operating Budget was built with a few key issues in mind: membership, Cookie Program uncertainty, pandemic recurrence, etc. GSEP received forgiveness from the second SBA PPP loan in FY22. As mentioned above, the Cookie Program was hugely successful, and Take the Leads surpassed their goals, leaving 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. Including the PPP loan forgiveness, GSEP was able to end the year with a significant surplus.

Human Resources was incredibly active preparing new positions for the three-region realignment mentioned above. For the first three quarters of FY22 GSEP planned for 74 FT and 9 PT positions. The final quarter, 10 FT positions were added and one PT position to support the growing membership goals. During the summer and into September 2022, several positions were filled, and recruitment was heavily underway for the remaining positions. Additionally, GSEP hired a senior consultant to work with the CEO and CMDO to position the new teams for success. GSEP also hired an Interim CIO.

FY22 for Information Technology was about establishing core foundational capabilities to provide secure connectivity to GSEP employees and those it serves. This encompassed improved services around end user support through renegotiating the Managed Service Provider contract with significant value, implementing controls to mitigate cyber security risk across GSEP's network, email, and various applications, as well as various process optimization to provide better outcomes.

Several annual capital projects at GSEP camps provided significant improvements to the girl experience. Camp Laughing Waters received an extension to its shower facilities, a new campfire circle with bleachers, and an outdoor movie system and screen. Camp Shelly Ridge received a new pole barn for storage and a new art program space. Camp Woodhaven had three pioneer shelter roofs replaced. Maintenance vehicles were purchased at several properties, including gators, plows, and tractors.

During 2022, the Girl Adventure Place Campaign and Capital improvements to Camp Shelly Ridge and Mountain House made considerable progress. Camp Shelly Ridge secured double the amount projected for its fundraising goal. The capital project was completed, and Girl Scouts were enjoying usage of the facilities during summer camp 2022. A second phase for Camp Shelly Ridge access is now underway. Girl Adventure Place at Camp Mountain House has paused momentarily as plans are further developed and revised.