

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Girl Scouts of Eastern Pennsylvania, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Girl Scouts of Eastern Pennsylvania, Inc., which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

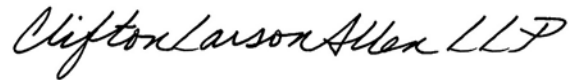
Board of Directors  
Girl Scouts of Eastern Pennsylvania, Inc.

***Opinion***

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, 2019 and 2018, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, management adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
January 27, 2020

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,598,357	\$ 2,805,257
Accounts Receivable, Net of Allowance of \$30,165 and \$32,000 in 2019 and 2018, Respectively	24,565	37,339
Pledges Receivable, Net of Allowance of \$36,787 and \$61,435 in 2019 and 2018, Respectively	526,214	402,943
Merchandise Held for Resale	379,308	418,887
Prepaid Expenses and Other Assets	67,673	121,108
Investments	16,271,680	15,718,829
Deferred Compensation Benefit Plan Assets	111,106	110,451
Land, Buildings, and Equipment, Net	17,560,496	18,684,358
Assets Held in Trust	408,714	419,552
	\$ 37,948,113	\$ 38,718,724
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 230,828	\$ 306,461
Accrued Expenses	521,411	319,307
Custodial Funds	221,926	237,364
Deferred Revenue	152,943	154,197
Loan Payable	19,184	23,318
Bonds Payable, Net	850,787	964,670
Deferred Compensation Benefit Plan Liability	111,106	110,451
Total Liabilities	2,108,185	2,115,768
<b>NET ASSETS</b>		
Without Donor Restrictions	34,055,309	34,938,650
With Donor Restrictions	1,784,619	1,664,306
Total Net Assets	35,839,928	36,602,956
Total Liabilities and Net Assets	\$ 37,948,113	\$ 38,718,724

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>			
Grants and Contributions	\$ 340,174	\$ 724,658	\$ 1,064,832
Legacies and Bequests	20,695	-	20,695
Major Events	697,474	-	697,474
In-Kind Contributions	25,579	-	25,579
United Way Allocation	-	158,045	158,045
Net Assets Released from Restrictions	811,959	(811,959)	-
Total Public Support	<u>1,895,881</u>	<u>70,744</u>	<u>1,966,625</u>
<b>REVENUE</b>			
Program and Related Fees:			
Cookie Program:			
Revenue	16,028,415	-	16,028,415
Cost of Goods	(4,071,267)	-	(4,071,267)
Program Service Fees	1,977,155	-	1,977,155
Total Program and Related Fees Revenue	<u>13,934,303</u>	<u>-</u>	<u>13,934,303</u>
<b>OTHER REVENUE</b>			
Sales of Merchandise:			
Gross Receipts	904,721	-	904,721
Direct Costs	(455,763)	-	(455,763)
Endowment Earnings Used for Operations	345,728	28,303	374,031
Miscellaneous Revenue	147,150	-	147,150
Total Other Revenue	<u>941,836</u>	<u>28,303</u>	<u>970,139</u>
Total Public Support and Revenue	16,772,020	99,047	16,871,067
<b>EXPENSES</b>			
Program Services:			
Membership Services	5,416,165	-	5,416,165
Camp Programs	2,907,087	-	2,907,087
Other Girl Programs	5,715,132	-	5,715,132
Total Program Services	<u>14,038,384</u>	<u>-</u>	<u>14,038,384</u>
General and Administrative	1,529,389	-	1,529,389
Fundraising	1,085,485	-	1,085,485
Total Expenses	<u>16,653,258</u>	<u>-</u>	<u>16,653,258</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION</b>			
	118,762	99,047	217,809
<b>DEPRECIATION</b>			
	<u>1,498,473</u>	<u>-</u>	<u>1,498,473</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>			
	(1,379,711)	99,047	(1,280,664)
<b>OTHER CHANGES IN NET ASSETS</b>			
Gain on Sale of Assets	1,000	-	1,000
Realized and Unrealized Gain on Investments	469,693	29,803	499,496
Endowment Earnings Used for Operations	(345,728)	(28,303)	(374,031)
Investment Income	371,405	19,766	391,171
Total Other Changes in Net Assets	<u>496,370</u>	<u>21,266</u>	<u>517,636</u>
<b>CHANGES IN NET ASSETS</b>			
	(883,341)	120,313	(763,028)
Net Assets - Beginning of Year	<u>34,938,650</u>	<u>1,664,306</u>	<u>36,602,956</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 34,055,309</u>	<u>\$ 1,784,619</u>	<u>\$ 35,839,928</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>			
Grants and Contributions	\$ 565,899	\$ 514,312	\$ 1,080,211
Legacies and Bequests	21,464	-	21,464
Campaign	-	100	100
Major Events	513,146	-	513,146
In-Kind Contributions	67,344	-	67,344
United Way Allocation	-	156,680	156,680
Net Assets Released from Restrictions	1,013,432	(1,013,432)	-
Total Public Support	<u>2,181,285</u>	<u>(342,340)</u>	<u>1,838,945</u>
<b>REVENUE</b>			
Program and Related Fees:			
Cookie Program:			
Revenue	15,294,197	-	15,294,197
Cost of Goods	(3,923,517)	-	(3,923,517)
Magazine/Nuts About Reading Program:			
Gross Revenue	825,842	-	825,842
Cost of Goods	(391,480)	-	(391,480)
Program Service Fees	1,910,043	-	1,910,043
Total Program and Related Fees Revenue	<u>13,715,085</u>	<u>-</u>	<u>13,715,085</u>
<b>OTHER REVENUE</b>			
Sales of Merchandise:			
Gross Receipts	933,838	-	933,838
Direct Costs	(466,689)	-	(466,689)
Endowment Earnings Used for Operations	343,617	10,650	354,267
Miscellaneous Revenue	162,490	-	162,490
Total Other Revenue	<u>973,256</u>	<u>10,650</u>	<u>983,906</u>
Total Public Support and Revenue	16,869,626	(331,690)	16,537,936
<b>EXPENSES</b>			
Program Services:			
Membership Services	5,569,683	-	5,569,683
Camp Programs	3,021,971	-	3,021,971
Other Girl Programs	5,141,065	-	5,141,065
Total Program Services	<u>13,732,719</u>	<u>-</u>	<u>13,732,719</u>
General and Administrative	1,823,391	-	1,823,391
Fundraising	1,051,596	-	1,051,596
Total Expenses	<u>16,607,706</u>	<u>-</u>	<u>16,607,706</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION</b>	261,920	(331,690)	(69,770)
<b>DEPRECIATION</b>	<u>1,468,193</u>	<u>-</u>	<u>1,468,193</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(1,206,273)	(331,690)	(1,537,963)
<b>OTHER CHANGES IN NET ASSETS</b>			
Realized and Unrealized Gain (Loss) on Investments	342,029	(2,361)	339,668
Endowment Earnings Used for Operations	(343,617)	(10,650)	(354,267)
Investment Income	301,068	7,117	308,185
Total Other Changes in Net Assets	<u>299,480</u>	<u>(5,894)</u>	<u>293,586</u>
<b>CHANGES IN NET ASSETS</b>	(906,793)	(337,584)	(1,244,377)
Net Assets - Beginning of Year	<u>35,845,443</u>	<u>2,001,890</u>	<u>37,847,333</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 34,938,650</u>	<u>\$ 1,664,306</u>	<u>\$ 36,602,956</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Program Services				General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs	Total			
<b>EXPENSES FROM OPERATIONS</b>							
Salaries	\$ 2,922,904	\$ 1,035,829	\$ 1,087,919	\$ 5,046,652	\$ 733,643	\$ 559,007	\$ 6,339,302
Employee Health and Retirement	827,941	293,408	308,164	1,429,513	207,811	158,344	1,795,668
Payroll Taxes	217,054	40,114	78,164	335,332	54,397	42,375	432,104
Total Salaries and Related Expenses	3,967,899	1,369,351	1,474,247	6,811,497	995,851	759,726	8,567,074
Computer Expenses and Equipment	246,708	37,851	30,032	314,591	31,845	18,649	365,085
Insurance	12,915	204,253	39,073	256,241	9,862	2,400	268,503
Interest and Amortization	612	175	262	1,049	52,760	612	54,421
Occupancy	55,600	578,245	81,377	715,222	28,922	12,539	756,683
Other Expenses	45,220	93,890	44,885	183,995	98,268	76,901	359,164
Program Fees	1,144	19,949	110,326	131,419	93	418	131,930
Troop and Service Unit Support for Program Participation	-	-	3,093,916	3,093,916	-	-	3,093,916
Postage and Shipping	36,090	20,612	21,823	78,525	3,854	7,684	90,063
Printing, Promotion, and Advertising	76,350	66,847	47,514	190,711	167	3,003	193,881
Professional Fees	175,116	40,282	34,325	249,723	219,490	43,965	513,178
Food	47,627	224,640	55,394	327,661	4,359	95,540	427,560
Specific Assistance	426,306	-	29,003	455,309	-	-	455,309
Supplies	63,803	85,398	557,105	706,306	36,869	18,858	762,033
Telecommunications	173,732	33,021	40,335	247,088	39,477	26,493	313,058
Travel	87,043	132,573	55,515	275,131	7,572	18,697	301,400
Total Operational Expenses	5,416,165	2,907,087	5,715,132	14,038,384	1,529,389	1,085,485	16,653,258
Depreciation	75,726	1,200,782	161,271	1,437,779	46,820	13,874	1,498,473
Total Functional Expenses	<u>\$ 5,491,891</u>	<u>\$ 4,107,869</u>	<u>\$ 5,876,403</u>	<u>\$ 15,476,163</u>	<u>\$ 1,576,209</u>	<u>\$ 1,099,359</u>	<u>\$ 18,151,731</u>

See accompanying Notes to Financial Statements.



**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Program Services				General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs	Total			
<b>EXPENSES FROM OPERATIONS</b>							
Salaries	\$ 3,078,648	\$ 1,108,086	\$ 804,173	\$ 4,990,907	\$ 817,784	\$ 530,836	\$ 6,339,527
Employee Health and Retirement	874,083	314,605	228,319	1,417,007	232,183	150,714	1,799,904
Payroll Taxes	231,612	45,543	63,579	340,734	63,073	43,451	447,258
Total Salaries and Related Expenses	4,184,343	1,468,234	1,096,071	6,748,648	1,113,040	725,001	8,586,689
Computer Expenses and Equipment	179,121	62,087	64,435	305,643	53,298	24,988	383,929
Insurance	12,181	208,038	25,640	245,859	9,732	2,318	257,909
Interest and Amortization	358	134	179	671	66,093	134	66,898
Occupancy	51,292	612,065	87,250	750,607	29,538	12,614	792,759
Other Expenses	102,610	67,711	44,400	214,721	109,302	73,126	397,149
Program Fees	1,536	43,974	73,848	119,358	1,007	1,167	121,532
Troop and Service Unit Support for Program Participation	-	-	3,000,692	3,000,692	-	-	3,000,692
Postage and Shipping	35,368	14,743	25,079	75,190	19,111	6,403	100,704
Printing, Promotion, and Advertising	51,305	53,164	42,108	146,577	73,680	5,257	225,514
Professional Fees	112,468	53,394	50,751	216,613	272,328	57,096	546,037
Food	54,249	186,728	55,244	296,221	5,692	89,857	391,770
Specific Assistance	430,080	-	-	430,080	-	-	430,080
Supplies	95,528	77,081	489,051	661,660	21,005	10,116	692,781
Telecommunications	142,467	42,421	51,246	236,134	41,724	20,259	298,117
Travel	116,777	132,197	35,071	284,045	7,841	23,260	315,146
Total Operational Expenses	5,569,683	3,021,971	5,141,065	13,732,719	1,823,391	1,051,596	16,607,706
Depreciation	73,158	1,179,884	153,964	1,407,006	47,439	13,748	1,468,193
Total Functional Expenses	<u>\$ 5,642,841</u>	<u>\$ 4,201,855</u>	<u>\$ 5,295,029</u>	<u>\$ 15,139,725</u>	<u>\$ 1,870,830</u>	<u>\$ 1,065,344</u>	<u>\$ 18,075,899</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (763,028)	\$ (1,244,377)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,498,473	1,468,193
Amortization of Debt Issuance Costs	11,117	11,116
Restricted Endowment Contributions	(2,500)	(400)
Change in Value of Assets Held in Trust	10,838	2,441
Bad Debt Expense	71,337	40,652
Gain on Sale of Assets	(1,000)	-
Realized and Unrealized Gain on Investments	(499,496)	(339,668)
(Increase) Decrease in Assets:		
Accounts Receivable	(21,861)	98,920
Pledges Receivable	(159,973)	317,878
Merchandise Held for Resale	39,579	(139,194)
Prepaid Expenses and Other Assets	53,435	121,492
Deferred Compensation Plan Assets	(655)	(5,230)
Increase (Decrease) in Liabilities:		
Accounts Payable	(75,633)	(183,826)
Accrued Expenses	202,104	(179,761)
Custodial Funds	(15,438)	41,485
Benefit Plan Liability	655	5,230
Deferred Revenue	(1,254)	39,068
Net Cash Provided by Operating Activities	346,700	54,019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(374,611)	(385,230)
Proceeds from Sale of Assets	1,000	-
Proceeds from Sale of Investments	1,663,669	179,347
Purchase of Investments	(1,717,024)	(1,698,254)
Net Cash Used by Investing Activities	(426,966)	(1,904,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bond Principal Payments	(125,000)	(115,000)
Restricted Endowment Contributions	2,500	400
Proceeds on Loan Payable	-	26,193
Payments on Loan Payable	(4,134)	(2,875)
Net Cash Used by Financing Activities	(126,634)	(91,282)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(206,900)	(1,941,400)
Cash and Cash Equivalents - Beginning of Year	2,805,257	4,746,657
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,598,357	\$ 2,805,257
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 43,305	\$ 45,624

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**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 close to 40,000 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 15,000 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, 2019 AND 2018**

**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 3).

**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, 2019 and 2018 was \$1,498,473 and \$1,468,193, respectively. Costs of ordinary maintenance repairs that do not materially extend asset useful lives are expensed as incurred (see Note 7.)

**Assets Held in Trust**

GSEP has a beneficial interest in four perpetual trusts. The trust assets are held by outside trustees. Each year, GSEP records income received from these trusts as unrestricted income.

**Printing, Promotion, and Advertising Costs**

Printing, promotion, and advertising costs (\$193,881 in 2019 and \$225,514 in 2018) are charged to operations when incurred.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Services**

GSEP provides program services to approximately 2,900 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, 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, 2019 and 2018 totaled \$25,579 and \$67,344, 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.

**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 3 for investment information.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**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.

**Reclassifications**

Certain reclassifications have been made to the 2018 amounts to conform to the 2019 presentation.

**Adoption of New Accounting Standard**

As of October 1, 2018, GSEP adopted the accounting guidance in Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. Adoption of ASU 2016-14 resulted in the reclassification of the presentation of net assets between unrestricted, temporarily restricted and permanently restricted net assets to net assets without and with donor restrictions, as well as expansion of financial statement disclosures in accordance with this standard.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Issued Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following 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) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. The provisions of ASU 2014-09 are effective for the GSEP's fiscal year ending September 30, 2020. Early adoption is permitted one year prior. GSEP is assessing the impact this standard will have on its financial statements.

**Subsequent Events**

In preparing these financial statements, GSEP has evaluated events and transactions through January 27, 2020, the date the financial statements were issued. GSEP is not aware of any events or transactions which would require recognition or disclosure in the financial statements.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of September 30, 2019:

Cash and Cash Equivalents	\$ 2,219,471
Accounts Receivable	54,730
Promises to Give	225,635
Distributions from Beneficial Interests in Assets	
Held by Others	18,300
Endowment Spending-Rate Distributions	
Appropriations	352,268
Total	<u>\$ 2,870,404</u>

GSEP's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

GSEP's board-designated endowment of \$7,327,861 is subject to an annual spending rate of 5% as described in Note 5. 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 \$8,372,966. 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 8, GSEP also has a line of credit facility up to a maximum of \$2,500,000, which it could draw upon.



**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 3 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, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Certificates of Deposit	\$ 2,523	\$ 2,523
Mutual Funds:		
Fixed Income	10,014,503	9,092,566
Domestic Equities	3,699,669	4,141,102
International Equities	2,488,420	2,417,014
Pooled Income Fund	66,565	65,624
Total Investments	<u>\$ 16,271,680</u>	<u>\$ 15,718,829</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dividends and Interest	\$ 419,322	\$ 335,065
Realized Gain on Investments	419,696	182,565
Unrealized Gain on Investments	79,800	157,103
Investment Fees	(28,151)	(26,880)
Total Investment Income	<u>\$ 890,667</u>	<u>\$ 647,853</u>

**NOTE 4 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.

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.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2019 and 2018:

	Investment Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 10,014,503	\$ -	\$ -	\$ 10,014,503
Domestic Equities	3,699,669	-	-	3,699,669
International Equities	2,488,420	-	-	2,488,420
Assets Held in Trust	-	-	408,714	408,714
Total Investment Assets at Fair Value	<u>\$ 16,202,592</u>	<u>\$ -</u>	<u>\$ 408,714</u>	16,611,306
Investments Measured at Net Asset Value per Share				66,565
Certificates of Deposit				2,523
Total				<u>\$ 16,680,394</u>

	Investment Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 9,092,566	\$ -	\$ -	\$ 9,092,566
Domestic Equities	4,141,102	-	-	4,141,102
International Equities	2,417,014	-	-	2,417,014
Assets Held in Trust	-	-	419,552	419,552
Total Investment Assets at Fair Value	<u>\$ 15,650,682</u>	<u>\$ -</u>	<u>\$ 419,552</u>	16,070,234
Investments Measured at Net Asset Value per Share				65,624
Certificates of Deposit				2,523
Total				<u>\$ 16,138,381</u>

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.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

A summary of the changes in the Level 3 investments measured at fair value for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Balance - Beginning	\$ 419,552	\$ 421,993
Change in Value of Trust	(10,838)	(2,441)
Balance - Ending	\$ 408,714	\$ 419,552

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 5 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.

GSEP's endowment funds had the following activity for the years ended September 30, 2019 and 2018:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,437,035	\$ 761,352	\$ 8,198,387
Investment Return:			
Dividends and Interest	164,095	19,766	183,861
Net Appreciation	72,459	40,641	113,100
Contributions	-	2,500	2,500
Income Expended for Scholarships	-	(4,650)	(4,650)
Endowment Earnings Used for Operations	(345,728)	(28,303)	(374,031)
Changes in Net Assets	(109,174)	29,954	(79,220)
Endowment Net Assets - End of Year	\$ 7,327,861	\$ 791,306	\$ 8,119,167

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 5 ENDOWMENT (CONTINUED)**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,277,019	\$ 767,855	\$ 8,044,874
Investment Return:			
Dividends and Interest	249,104	7,117	256,221
Net Appreciation	254,529	80	254,609
Contributions	-	400	400
Income Expended for Scholarships	-	(3,450)	(3,450)
Endowment Earnings Used for Operations	<u>(343,617)</u>	<u>(10,650)</u>	<u>(354,267)</u>
Changes in Net Assets	<u>160,016</u>	<u>(6,503)</u>	<u>153,513</u>
Endowment Net Assets - End of Year	<u>\$ 7,437,035</u>	<u>\$ 761,352</u>	<u>\$ 8,198,387</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 stocks between 10% and 30%, fixed income between 70% and 90%, and cash equivalents between 0% and 10%.

**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, 2019 and 2018, the amount released for operations was \$345,728 and \$343,617, 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, 2019 or 2018.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 6 PLEDGES RECEIVABLE**

	2019	2018
Less than One Year	\$ 396,508	\$ 350,057
One to Five Years	175,597	120,250
Gross Unconditional Promises to Give	572,105	470,307
Less: Discount to Net Present Value	(9,104)	(5,929)
Less: Allowance for Uncollectible Promise to Give	(36,787)	(61,435)
Net Grant and Pledges Receivable	\$ 526,214	\$ 402,943

Promises due in one to five years were discounted at an interest rates ranging from 0.8% to 5.3%. Promises due in less than one year were not discounted.

**NOTE 7 LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment consist of the following as of September 30, 2019 and 2018:

	2019	2018
Land and Land Improvements	\$ 3,251,972	\$ 3,198,665
Buildings	29,536,253	29,449,226
Equipment	5,121,147	4,937,010
Leasehold Improvements	-	131,582
Construction-in-Progress	99,236	60,557
Total	38,008,608	37,777,040
Less: Accumulated Depreciation	(20,448,112)	(19,092,682)
Total	\$ 17,560,496	\$ 18,684,358

**NOTE 8 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, 2020. 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 2.02% and 2.11% as of September 30, 2019 and 2018, respectively). There were no amounts outstanding on the line of credit as of September 30, 2019 or 2018.

**NOTE 9 LEASE OBLIGATIONS**

GSEP leases office space and office equipment under noncancelable operating leases. Total expense was \$181,029 and \$211,841 for the years ended September 30, 2019 and 2018, respectively.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 9 LEASE OBLIGATIONS (CONTINUED)**

Scheduled future payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 107,268
2021	107,268
2022	26,817
Total	<u>\$ 241,353</u>

**NOTE 10 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 1.56% and 1.39% for the years ended September 30, 2019 and 2018, 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 2020.

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 130,000
2021	140,000
2022	145,000
2023	155,000
2024	165,000
Thereafter	175,000
Total	<u>\$ 910,000</u>

	<u>2019</u>	<u>2018</u>
Bonds Payable as of September 30	\$ 910,000	\$ 1,035,000
Less: Unamortized bond issuance costs	59,213	70,330
Bonds Payable, Net	<u>\$ 850,787</u>	<u>\$ 964,670</u>

Interest expense on the bonds and letter of credit fees totaled \$19,286 and \$17,665 for the years ended September 30, 2019 and 2018, 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 \$11,117 and \$11,116 the years ended September 30, 2019 and 2018, respectively. The bond issuance costs are presented net of the bonds payable on the statement of financial position.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 11 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%.

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 4,009
2021	4,250
2022	4,506
2023	4,777
2024	1,642
Total	<u>\$ 19,184</u>

**NOTE 12 NET ASSETS**

Net assets without donor restrictions are available for the following purposes as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 26,727,448	\$ 27,501,615
Board Designated Endowment	7,327,861	7,437,035
Total	<u>\$ 34,055,309</u>	<u>\$ 34,938,650</u>

Net assets with donor restrictions consist of the following funds restricted for time and/or purpose as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Endowment Earnings for Scholarships	\$ 43,973	\$ 28,857
Promises to Give that are Restricted by Donors for Program Support but which are Unavailable for Expenditure until Due	475,649	312,975
Subject to Passage of Time:		
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	108,950	170,427
Endowment Appreciation	113,879	101,541
Endowment Corpus to be Maintained in Perpetuity	633,454	630,954
Interest in Perpetual Trust Held in Perpetuity	<u>408,714</u>	<u>419,552</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,784,619</u>	<u>\$ 1,664,306</u>

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 13 COOKIE PROGRAM**

Cookie Program revenue represents gross cookie revenues earned of \$16,028,415 and \$15,294,197 less the direct cost of cookies purchased from the baker of \$4,071,267 and \$3,923,517 for the years ended September 30, 2019 and 2018, 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 \$3,946,792 and \$3,503,908 were allocated to Other Girl Programs in 2019 and 2018, respectively.

**NOTE 14 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.

Although net plan assets grew during the year, net plan assets available for plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2019. Based on the April 18, 2014 conditional approval by the IRS, all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the PPA funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to the PPA.

Aggregate annual contributions made by GSUSA in fiscal years 2019 and 2018 were \$32,200,000 and \$32,400,000, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spinoff of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions by GSUSA are expected to be \$32,200,000 in fiscal year 2020.

GSEP made contributions into the NGSCR of \$794,883 and \$795,953 during the years ended September 30, 2019 and 2018, 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, 2019 and 2018 were \$104,654 and \$89,041, respectively.



**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 14 BENEFIT PLANS (CONTINUED)**

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 \$655 and \$5,230 for the years ended September 30, 2019 and 2018, respectively. 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 years ended September 30, 2019 and 2018.

**NOTE 15 RELATED PARTY TRANSACTIONS**

GSEP remitted to GSUSA membership dues aggregating \$390,015 and \$375,702 for the years ended September 30, 2019 and 2018, respectively. Custodial funds payable include \$48,070 and \$748 for amounts collected, but not remitted to, GSUSA as of September 30, 2019 and 2018, respectively.



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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Girl Scouts of Eastern Pennsylvania, Inc.

We have audited the financial statements of Girl Scouts of Eastern Pennsylvania, Inc. as of and for the years ended September 30, 2019 and 2018, and our report thereon dated January 27, 2020, which expressed an unmodified opinion on those financial statements, appears on page 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Program Accomplishments for the year ended September 30, 2019, 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**

Plymouth Meeting, Pennsylvania  
January 27, 2020

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.  
PROGRAM ACCOMPLISHMENTS FOR THE  
YEAR ENDED SEPTEMBER 30, 2019  
(UNAUDITED)**

Girl Scouts of Eastern Pennsylvania, Inc. (GSEP), operates as an independent, nonprofit organization chartered by Girl Scouts of the USA (GSUSA). Our 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 2019 (October 1, 2018–September 30, 2019), GSEP provided the Girl Scouts Leadership Experience (GSLE) to close to 40,000 girls, with the help of more than 15,000 adult members.

To articulate our larger common purpose and to give meaning and coherence to our work at GSEP, we crafted three core goals for our organization in 2019. These goals sit below and support our mission while addressing the competitive market place, revenue-based budgeting, and organization wide accountability. The three core goals power and guide all our actions dedicated to building girl leadership. (1) Ensure every girl in our nine-county footprint is aware of and has access to the full Girl Scout Leadership Experience (GSLE). (2) Achieve Sustainable membership growth through troop formation reaching 90% of the annual girl membership goal by December 31st. (3) Continuously reinvest in the girl and volunteer experience by generating a surplus through increased revenue and optimized resource utilization.

In FY2019, GSEP was in the final year of a three-year strategic plan informed by both national and council-specific priorities and articulating five goals:

1. **OUR ORGANIZATION:** Build a learning and growing culture that enhances the contributions of the GSEP staff and leadership.
2. **COMMUNICATIONS:** Advance a clear message and build community around GSEP programs, experiences, and impacts.
3. **GIRL EXPERIENCE:** Position GSEP as the premier organization for girls to build leadership, confidence, independence, and community.
4. **VOLUNTEER EXPERIENCE:** Position GSEP as a rewarding and sought-after volunteer experience.
5. **FINANCIAL SUSTAINABILITY AND REVENUE ENHANCEMENT:** Optimize revenue sources and uses.

This narrative details GSEP's achievements for FY2019 as they relate to measures outlined in the Strategic Plan, which include seven guiding principles: Leadership, Community, Service, Inclusion, Respect, Integrity, and Innovation. Our Vision is to be known as the premier leadership organization for girls that is driven by an engaged community of volunteers, members, alumnae, partners, and staff, and supported by an organizational culture of service learning and growth.

**1) Our Organization: Build a learning and growing culture that enhances the contributions of the GSEP staff and leadership.**

The organization came together to create definitions for Diversity, Equity and Inclusion. These definitions included our girl, general membership, volunteer, board, and partner organization populations. The goal was to create definitions for how we include, value, and respect all communities and their participation in Girl Scouts. In addition to the definitions, we conducted general research using census and GSUSA data. This research revealed that our staff, volunteer, and girl populations need more representation from African-American, Latina, and Asian communities. We implemented Leadership Inclusion training for volunteers, including informational resources for specific special needs. We targeted racially diverse networks for job posting opportunities, implemented bias training for managers which focused on leading with inclusion, awareness and self-reflection.

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To promote a culture that is inspiring, cohesive, and supportive of the Girl Scouts mission, GSEP reinvented several of its Service Center spaces, which are available to staff, members, and visitors. At the Lehigh Valley Service Center, G.I.R.L. panels were hung over the meeting space in the main room. At the Valley Forge Service Center, a new Friendship Corner (quiet room) was added for staff and volunteer use, and the lobby and main hallway leading to the multi-purpose room were painted. In addition, the Shop/Front Desk Area, was redesigned and renovated.

Investments in staff development included standardizing staff recognitions at all-council events, piloting an in-house mentorship program, and continuing to provide comprehensive manager training to all staff with supervisory responsibilities. The employee handbook and employee assessment process were updated to incorporate the council's strategic goals and to reflect current HR best practices. In addition, all staff received Volunteer Essentials training to ensure alignment with the most up-to-date policies and safety standards required of Girl Scouts volunteers. To improve cross-team collaboration, staff were trained on a project management matrix (RACI) and provided with new procedures for planning events. Teams now have a better understanding of how and when various projects/events overlap, and when they should begin working together in the planning process to implement changes or collaborate around shared goals.

To remain competitive and relevant in the marketplace, every aspect of our programming has been reviewed and aligned to empower girls. Numerous studies from the Girl Scouts Research Institute and other sources clearly recognize that participation in Girl Scouts has proven highly effective in developing leadership qualities and other key indicators of success for the girls involved. Our girl-led programming is a researched and proven method for preparing women leaders. Those who participate in our programming demonstrate higher levels of self-confidence and academic success than girls who have not benefited from our gender-specific program opportunities.

Providing ongoing leadership development for the Board of Directors was also a goal. Board Committees were mapped to the strategic plan goals, with a focused effort to ensure every Board Member served on a Board committee or subcommittee. An on-boarding presentation for new Board Members was enhanced and a full-day retreat was held.

Board members were engaged to provide guidance on competitive marketplace challenges. Every Board Meeting agenda included a presentation by a Gold Award Girl Scout and a Board engagement topic to provide opportunities for ideas, feedback, education, and relationship building. Board members also worked together to design their own GSEP Board Patch, which 'surprise and delight' Girl Scouts and partners they meet in the community. The Board Development Committee continued their focus and diligence on recruiting a diverse leadership pipeline.

**2) Communications: Advance a clear message and build community around GSEP programs, experiences, and impacts.**

In 2019, our two major publications, Spark/Family Guide, which mails to our full membership each August and Camp/Cookie Guide, which delivers to the same audience in December were redesigned and updated. Both reach approximately 55,000 households and have been designed as usable resources for all programs and activities. Online interactive publications of both are also available. An additional emphasis was placed on data driven marketing tools to reach targeted audiences through audience relatable outlets. We also designed county-specific marketing tools (flyers, brochures) for

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Service Units to use to market programs to their demographic audience. The overall goal was to engage as well as inform our girls and their families of programs, camp offerings and other activities.

GSEP expanded its social media marketing efforts with a “call to action” deliverable. As a result, we were able to increase the number and frequency of our messaging which led to an increase in new and renewed member activation and consistent communications with volunteers, parents, Girl Scouts, alums, funders, community partners, and the public – and providing resources and opportunities for volunteers, members, and other stakeholders to tell the Girl Scouts story. We also built a growing community of followers who engage with GSEP and with each other, and whose common link is Girl Scouting.

The Marketing Communications team developed specific marketing campaigns for the Camps, Membership and Cookie Program that were easily transferable via social media, print, other collateral, and on our website. There was a focus for a targeted demographic outreach effort to communicate with volunteers, parents and girls regarding programs and opportunities that would impact them directly regarding age and location. SPARK and the Camp Guides were designed to provide pertinent information in a more user-friendly manner. New and consistent action items directed inquiries to the GSEP website where the user had access to the full realm of information and assets.

Additional 2019 initiatives included adding a Focus Group made up of volunteers from the Communications Focus Group to incorporate feedback and ideas for upcoming campaigns. The two areas of impact were Spring Renewal and Product Program Cookie Boss incentive ideas. The result included a menu of renewal incentives that were well received by volunteers and parents, and a Cookie Boss experience that was planned with extensive volunteer and girl input.

To position Girl Scouts as the premier leadership experience for girls, there was an increased focus on promoting the Girl Scout Gold Award, the highest award in Girl Scouting. To provide girls with the tools to self-promote their accomplishments, GSEP created a Highest Awards toolkit that includes resources such as press releases, media contacts, social media tips, and other ways girls can inform the media and their local community leaders about their projects.

We activated Media Girls, a group of 10 older girls with a passion for communication, and developed a targeted plan for the older Girl Scouts, including a newsletter and special communications for their age group.

**3) Girl Experience: Position GSEP as the premier organization for girls to build leadership, confidence, independence, and community.**

Surveys, focus groups, and program data informed the continual improvement of the Girl Experience and helped drive programmatic decision-making. By engaging with older Girl Scout (Cadettes, Seniors, and Ambassadors) members who are among the most involved, we can best impact our ability to provide the full GSLE to all girls, as well as positively impact our membership goals by retaining girls through listening and implementing. Additional departments at GSEP met with the Program Steering Committee to get feedback, including Member Engagement, Marketing and Communications and Retail. The Girl & Volunteer Experience Committee of the Board of Directors supported the addition of Girl Track (for girls in grades 10-12) to the 2020 Women’s Leadership Summit.

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For a quick snapshot of FY2019 Girl Experience numbers, during the school year on weekends, GSEP engaged more than 12,447 girls in GSLE programs focused on the following priority areas: Adventure & Water, Health & Wellness, Environment, Arts & Culture, and STEM. Summer camp registrations reached an all-time high, with more than 4,635 girls attending GSEP resident and day-camps in 2019. More than 10,000 additional girls participated in GSEP camping activities through troop and service unit camping events.

Our program evaluation plan was utilized to make sure we are providing the best possible Girl Scout Leadership Experience (GSLE) to all girls. Many girl-focused programs that used to fall under a different department were brought under the Girl Experience department to provide a more cohesive experience between funded and traditional programming, including the Girl Scouts Beyond Bars program. Girl Scouts Beyond Bars connects girls with their incarcerated mothers through troop meeting experiences. In 2019, Troop 98010 gathered items and books to pack 200 bags to donate to mothers and their children in Recovery House. Additionally, donations of non-perishable food items were donated to Philabundance from the GSBB program. Additional girl-focused programs include summer and school year series. This work will continue to grow and develop.

20,839 girls participated in the 2019 Cookie Program, selling an average of 192 packages of cookies per girl. 437 girls were invited to join the Cookie Boss Class of 2019, a distinction reserved for girls who sell 1,000 packages of cookies or more, either individually or as part of the new Girl Scouts Sister Benefit. Feedback from the 500 Club and Cookie Boss programs from 2019 will be used to develop a committee comprised of parents, leaders and girls to work to improve the events.

GSEP continued to explore and develop partnerships with schools and community organizations for joint and complementary programming. A partnership with Girls on the Run and Philly Girls in Motion extended the traditional Girl Scout model and provided a unique opportunity to engage with girls at Philadelphia Community Schools. This successful program will be expanded and can be used as a model for other partnerships. Additionally, GSEP cultivated a growing relationship with Philadelphia Parks & Rec, resulting in more neighborhood recreation centers starting and hosting Girl Scout troops and summer outreach programs. The School District of Philadelphia's Office of Strategic Engagement also highlighted Girl Scouts as a model partnership, where we serve girls through middle school.

In Membership Year 2019, Girl Scout's highest awards, the Girl Scout Bronze, Silver, and Gold Awards, saw success as girls tackled relevant community issues to make the world a better place through sustainable service leadership projects. The Bronze Award was earned by 1,128 girls ages 9-11, the Silver Award was earned by 220 girls ages 12-14, and 63 girls ages 14-18 earned the Girl Scout Gold Award.

**4) Volunteer Experience: Position GSEP as a rewarding and sought-after volunteer experience.**

In FY2019 GSEP reorganized its Volunteer Training and Volunteer Support departments to become more efficient. To clearly communicate expectations of volunteers and what they can expect from their Girl Scout experience, GSEP worked with the Communications Focus Group which includes delegates from our nine-county footprint to focus on specific issues and feedback geared towards fine tuning new and current volunteer training and experience. GSEP's cultural survey informed a new focus on general helpfulness and support available to all Volunteers.

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In 2019 GSEP launched the Looker reporting platform which provided concise, organized reports made available to Service Unit Team volunteers. We also created the Service Unit Administrative Volunteer role to enable Service Unit volunteers to access reports directly from Looker data. Training was provided to these volunteers, and they signed a user agreement before having access to Looker.

Our Volunteer Support Team worked cross-departmentally to provide regional support to Service Unit Managers and troop leaders. In addition to providing consistent communications in the form of monthly digital roundtable meetings and weekly email newsletters, GSEP revised several resources for volunteers, often in partnership with updated resources from GSUSA. The result was updated versions of the Leader's Guide for Success, Volunteer Essentials (which included several programmatic improvements and a searchable web version), Volunteer Toolkit Guide, the Family Guide for new families, Product Program Manuals, and regionalized Spark Program Guides. Internally, GSEP improved its New Leader Process and empowered the Volunteer Training team to be the primary support for new leaders in 2020.

Additional training included an all-staff refresher on customer service (General Helpfulness): telephone, in-person, conflicts, and social media. Through department workflow, Salesforce Solutions maintenance and Volunteer Resource maintenance are organically completed.

We increased the pool of GSEP Learning Facilitators by 12% in 2019. This is the result of an effort to recruit a more diverse group of facilitators who represent all counties and demographics. We also increased in-person trainings to recognize that volunteers wanted in-person as well as online training for new troop leaders. A New Leader Start-Up training was created to allow for all steps to be completed in one day with staff and/or facilitators.

**5) Financial Stability and Revenue Enhancement: Optimize revenue sources and uses.**

Continuing Education and Training was available to all GSEP staff members around budget planning, forecasting and financial performance.

The Finance Team worked collaboratively with Girl Experience and Volunteer Support to effectively communicate the critical relationship between membership, revenue and programming.

GSEP provided dedicated resources to maximize Facility Rentals revenue from the Service Units, Troops and outside groups, resulting in a 53% increase in earned income over prior year.

By closing the Delaware County Service Center, GSEP achieved expense efficiencies without reducing programming or services to our membership. A comprehensive Mobile Retail Shop plan was created to provide service to areas within our nine-county footprint that are not conveniently located near a service center.

To enhance new models and approaches for product sales, GSEP implemented several initiatives for the 2019 Cookie Program. For the second year in a row, cookie kick-off celebrations were held in four locations (Philadelphia, Lehigh Valley, Delaware County and Berks County), and 2018 Cookie Bosses were on-site at each location. Cookie Month in Manayunk engaged female business owners as well as other retail shops and restaurants to support the cookie program. Local businesses supported an entrepreneurial speaker series with Girl Scouts, hosted cookie booths, and restaurants created recipes and drinks themed around Girl Scout cookies. Despite falling short of the revenue goal, due in part to a

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reduced number of Girls Scouts selling cookies, we believe the Cookie Program was a success. Those who participated achieved an overall increase in the per girl selling average and there were more girls at each reward level than prior year.

Part of the new three Core Goals included creating contingency plans during the budgeting process. These plans address the volatile nature of the Cookie Program and include quarterly planning opportunities for expense reduction. These plans were included in the budget presentation to the Board of Directors and were approved as a part of the 2019 annual budget. After falling short of the Cookie Program goal, GSEP management was able to activate on contingency plans to still deliver an operating surplus for fiscal year 2019.



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