

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED SEPTEMBER 30, 2021 AND 2020



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**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	26
SUPPLEMENTARY INFORMATION	
PROGRAM ACCOMPLISHMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)	27



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021 and 2020, 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 auditors consider 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.

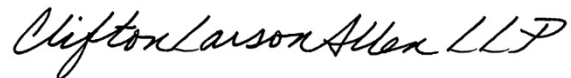
Board of Directors
Girl Scouts of Eastern Pennsylvania, Inc.

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, 2021 and 2020, 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.

Adoption of New Accounting Standards

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and FASB ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to these matters.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 19, 2022

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 4,188,303	\$ 5,327,748
Accounts Receivable, Net of Allowance of \$1,000 and \$17,467 in 2021 and 2020, Respectively	17,786	18,680
Pledges Receivable, Net of Allowance of \$39,000 and \$40,000 in 2021 and 2020, Respectively	270,406	339,449
Merchandise Held for Resale	272,808	360,378
Prepaid Expenses and Other Assets	106,841	70,447
Investments	17,108,778	16,949,607
Deferred Compensation Benefit Plan Assets	-	110,492
Land, Buildings, and Equipment, Net	16,689,007	16,491,829
Assets Held in Trust	503,666	413,236
	\$ 39,157,595	\$ 40,081,866
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 333,206	\$ 177,102
Accrued Expenses	604,984	720,071
Other Liabilities	194,478	213,989
Deferred Revenue	74,702	17,157
Loan Payable	10,950	15,200
Bonds Payable, Net	603,020	731,903
Paycheck Protection Program Loan	1,186,297	1,568,437
Deferred Compensation Benefit Plan Liability	-	110,492
Total Liabilities	3,007,637	3,554,351
NET ASSETS		
Without Donor Restrictions	34,387,012	34,830,774
With Donor Restrictions	1,762,946	1,696,741
Total Net Assets	36,149,958	36,527,515
Total Liabilities and Net Assets	\$ 39,157,595	\$ 40,081,866

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	<u>1,835,830</u>	<u>(232,036)</u>	<u>1,603,794</u>
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	<u>9,588,212</u>	<u>-</u>	<u>9,588,212</u>
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	<u>708,314</u>	<u>28,958</u>	<u>737,272</u>
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	<u>11,381,822</u>	<u>-</u>	<u>11,381,822</u>
General and Administrative	1,817,491	-	1,817,491
Fundraising	940,780	-	940,780
Total Expenses	<u>14,140,093</u>	<u>-</u>	<u>14,140,093</u>
CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION			
	(2,007,737)	(203,078)	(2,210,815)
DEPRECIATION			
	<u>1,347,243</u>	<u>-</u>	<u>1,347,243</u>
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	<u>2,911,218</u>	<u>269,283</u>	<u>3,180,501</u>
CHANGES IN NET ASSETS			
	(443,762)	66,205	(377,557)
Net Assets - Beginning of Year	<u>34,830,774</u>	<u>1,696,741</u>	<u>36,527,515</u>
NET ASSETS - END OF YEAR	<u>\$ 34,387,012</u>	<u>\$ 1,762,946</u>	<u>\$ 36,149,958</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Grants and Contributions	\$ 248,493	\$ 458,700	\$ 707,193
Legacies and Bequests	28,618	-	28,618
Major Events	633,389	-	633,389
In-Kind Contributions	21,529	-	21,529
United Way Allocation	-	91,314	91,314
Net Assets Released from Restrictions	718,011	(718,011)	-
Total Public Support	<u>1,650,040</u>	<u>(167,997)</u>	<u>1,482,043</u>
REVENUE			
Program and Related Fees:			
Cookie Program:			
Revenue	17,263,705	-	17,263,705
Cost of Goods	(4,471,898)	-	(4,471,898)
Program Service Fees	367,876	-	367,876
Total Program and Related Fees Revenue	<u>13,159,683</u>	<u>-</u>	<u>13,159,683</u>
OTHER REVENUE			
Sales of Merchandise:			
Gross Receipts	513,273	-	513,273
Direct Costs	(249,849)	-	(249,849)
Endowment Earnings Used for Operations	352,268	20,821	373,089
Miscellaneous Revenue	113,921	-	113,921
Total Other Revenue	<u>729,613</u>	<u>20,821</u>	<u>750,434</u>
Total Public Support and Revenue	15,539,336	(147,176)	15,392,160
EXPENSES			
Program Services:			
Membership Services	4,094,613	-	4,094,613
Camp Programs	1,872,503	-	1,872,503
Other Girl Programs	5,991,848	-	5,991,848
Total Program Services	<u>11,958,964</u>	<u>-</u>	<u>11,958,964</u>
General and Administrative	1,836,726	-	1,836,726
Fundraising	783,727	-	783,727
Total Expenses	<u>14,579,417</u>	<u>-</u>	<u>14,579,417</u>
CHANGES IN NET ASSETS FROM OPERATIONS BEFORE DEPRECIATION			
	959,919	(147,176)	812,743
DEPRECIATION			
	<u>1,430,714</u>	<u>-</u>	<u>1,430,714</u>
CHANGES IN NET ASSETS FROM OPERATIONS			
	(470,795)	(147,176)	(617,971)
OTHER CHANGES IN NET ASSETS			
Sale of Assets	348,781	-	348,781
Realized and Unrealized Gain on Investments	898,866	34,477	933,343
Endowment Earnings Used for Operations	(352,268)	(20,821)	(373,089)
Investment Income	350,881	20,642	371,523
Capital Campaign Contributions	-	25,000	25,000
Total Other Changes in Net Assets	<u>1,246,260</u>	<u>59,298</u>	<u>1,305,558</u>
CHANGES IN NET ASSETS			
	775,465	(87,878)	687,587
Net Assets - Beginning of Year	<u>34,055,309</u>	<u>1,784,619</u>	<u>35,839,928</u>
NET ASSETS - END OF YEAR	<u>\$ 34,830,774</u>	<u>\$ 1,696,741</u>	<u>\$ 36,527,515</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 FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services			Total	General and Administrative	Fundraising	Total
	Membership Services	Camp Programs	Other Girl Programs				
EXPENSES FROM OPERATIONS							
Salaries	\$ 2,307,137	\$ 625,125	\$ 1,033,380	\$ 3,965,642	\$ 827,509	\$ 394,641	\$ 5,187,792
Employee Health and Retirement	750,424	203,329	336,119	1,289,872	269,157	128,362	1,687,391
Payroll Taxes	159,466	39,329	68,051	266,846	57,485	28,259	352,590
Total Salaries and Related Expenses	3,217,027	867,783	1,437,550	5,522,360	1,154,151	551,262	7,227,773
Computer Expenses and Equipment	187,708	52,975	48,754	289,437	70,742	24,443	384,622
Insurance	15,710	232,190	18,538	266,438	10,668	3,128	280,234
Interest and Amortization	522	104	104	730	49,615	157	50,502
Occupancy	35,316	539,579	47,062	621,957	33,420	9,714	665,091
Other Expenses	61,680	(10)	33,174	94,844	62,086	68,135	225,065
Program Fees	262	16	57,280	57,558	23	174	57,755
Troop and Service Unit Support for Program Participation	-	-	3,393,815	3,393,815	-	-	3,393,815
Postage and Shipping	8,539	12,568	22,341	43,448	33,861	244	77,553
Printing, Promotion, and Advertising	78,775	56,582	34,162	169,519	17,552	-	187,071
Professional Fees	134,427	39,513	37,559	211,499	322,007	44,322	577,828
Food	17,470	2,407	43,388	63,265	4,120	44,151	111,536
Specific Assistance	144,464	11,500	18,300	174,264	-	-	174,264
Supplies	22,260	3,193	733,899	759,352	24,698	11,742	795,792
Telecommunications	139,238	30,930	35,910	206,078	45,155	19,211	270,444
Travel	31,215	23,173	30,012	84,400	8,628	7,044	100,072
Total Operational Expenses	4,094,613	1,872,503	5,991,848	11,958,964	1,836,726	783,727	14,579,417
Depreciation	76,787	1,190,735	94,146	1,361,668	53,499	15,547	1,430,714
Total Functional Expenses	<u>\$ 4,171,400</u>	<u>\$ 3,063,238</u>	<u>\$ 6,085,994</u>	<u>\$ 13,320,632</u>	<u>\$ 1,890,225</u>	<u>\$ 799,274</u>	<u>\$ 16,010,131</u>

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (377,557)	\$ 687,587
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	1,347,243	1,430,714
Amortization of Debt Issuance Costs	11,117	11,116
Restricted Long Term Contributions	(168,252)	(25,450)
Change in Value of Assets Held in Trust	(90,430)	(4,522)
Bad Debt Expense	6,757	35,982
Gain on Sale of Assets	-	(348,781)
Gain on Extinguishment of Debt	(1,588,652)	-
Realized and Unrealized Gain on Investments	(1,539,925)	(933,343)
(Increase) Decrease in Assets:		
Accounts Receivable	894	(5,474)
Pledges Receivable	62,286	162,142
Merchandise Held for Resale	87,570	18,930
Prepaid Expenses and Other Assets	(36,394)	(2,774)
Deferred Compensation Plan Assets	110,492	614
Increase (Decrease) in Liabilities:		
Accounts Payable	156,104	(53,726)
Accrued Expenses	(94,872)	198,660
Other Liabilities	(19,511)	(7,937)
Benefit Plan Liability	(110,492)	(614)
Deferred Revenue	57,545	(135,786)
Net Cash (Used) Provided by Operating Activities	(2,186,077)	1,027,338
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(1,544,421)	(580,464)
Proceeds from Sale of Assets	-	567,198
Proceeds from Sale of Investments	4,181,236	1,015,136
Purchase of Investments	(2,800,482)	(759,720)
Net Cash (Used) Provided by Investing Activities	(163,667)	242,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond Principal Payments	(140,000)	(130,000)
Restricted Long-Term Contributions	168,252	25,450
Proceeds from Paycheck Protection Program Borrowings	1,186,297	1,568,437
Payments on Loan Payable	(4,250)	(3,984)
Net Cash Provided by Financing Activities	1,210,299	1,459,903
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,139,445)	2,729,391
Cash and Cash Equivalents - Beginning of Year	5,327,748	2,598,357
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,188,303	\$ 5,327,748
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 31,986	\$ 32,038

See accompanying Notes to Financial Statements.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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 21,000 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 11,000 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, 2021 AND 2020

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, 2021 and 2020, was \$1,347,243 and \$1,430,714, 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 (\$185,354 in 2021 and \$187,071 in 2020) are charged to operations when incurred.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

GSEP provides program services to approximately 2,600 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, 2021 and 2020 totaled \$112,048 and \$21,529, 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 4 for investment information.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Salaries, employee health and retirement, and payroll taxes are allocated based on management's estimated percentage of time and effort.

Depreciation is allocated based on the square footage and use of the building and facilities.

Insurance and occupancy are allocated on the same basis as depreciation.

Telecommunications and information technology expenses are allocated based on staffing levels utilizing the services.

Adoption of New Accounting Standards

As of October 1, 2020, GSEP adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective method of transition. The core principle of Topic 606 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. GSEP applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of October 1, 2020. Adoption of the new guidance did not result in changes to GSEP's accounting policies for revenue recognition and deferred income.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This standard removed and modified certain disclosure requirements on fair value measurements, retrospectively. The adoption did not have a material impact on GSEP's disclosures.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022 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.

Reclassifications

Certain reclassifications have been made to the 2020 amounts to conform to the 2021 presentation.

Subsequent Events

In preparing these financial statements, GSEP has evaluated events and transactions through January 19, 2022, the date the financial statements were issued. GSEP sold approximately 38 acres of land at its Camp Mountain House property in Lehigh County to the Wildlands Conservancy, Inc. for \$330,000 on December 15, 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.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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, 2021:

Revenues Recognized at a Point in Time:	
Cookie Program	\$ 11,103,851
Fall Product Program	450,712
Merchandise Sales	505,717
	<hr/> 12,060,280
Revenues Recognized over Time:	
Program Service Fees	1,242,947

GSEP did not have significant contract assets and liabilities at September 30, 2021.

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, 2021 AND 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 4,000,603	\$ 4,982,076
Accounts Receivable	17,786	18,680
Promises to Give	150,804	190,831
Distributions from Beneficial Interests in Assets		
Held by Others	20,850	19,559
Endowment Spending-Rate Distributions		
Appropriations	372,827	355,855
Total	<u>\$ 4,562,870</u>	<u>\$ 5,567,001</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 \$8,634,010 and \$7,692,876 as of September 30, 2021 and 2020, 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 \$7,711,684 and \$8,670,128 as of September 30, 2021 and 2020, 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, 2021 AND 2020

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, 2021 and 2020, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Certificates of Deposit	\$ 2,523	\$ 2,523
Mutual Funds:		
Fixed Income	9,350,727	10,086,787
Domestic Equities	4,688,998	4,183,477
International Equities	2,987,619	2,606,850
Pooled Income Fund	78,911	69,970
Total Investments	<u>\$ 17,108,778</u>	<u>\$ 16,949,607</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and Interest	\$ 299,505	\$ 400,364
Realized Gain on Investments	1,359,748	316,909
Unrealized Gain on Investments	180,177	616,434
Investment Fees	(31,020)	(28,841)
Total Investment Income	<u>\$ 1,808,410</u>	<u>\$ 1,304,866</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.

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, 2021 AND 2020

NOTE 5 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, 2021 and 2020:

	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>

	Investment Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	\$ 10,086,787	\$ -	\$ -	\$ 10,086,787
Domestic Equities	4,183,477	-	-	4,183,477
International Equities	2,606,850	-	-	2,606,850
Assets Held in Trust	-	-	413,236	413,236
Total Investment Assets at Fair Value	<u>\$ 16,877,114</u>	<u>\$ -</u>	<u>\$ 413,236</u>	17,290,350
Investments Measured at Net Asset Value per Share				69,970
Certificates of Deposit				2,523
Total				<u>\$ 17,362,843</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.

During the years ended September 30, 2021 and 2020, 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.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2021	2020		
Assets Held In Trust	\$ 503,666	\$ 413,236	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.

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	\$ 8,634,010	\$ 825,483	\$ 9,459,493

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 6 ENDOWMENT (CONTINUED)

GSEP's endowment funds had the following activity for the year ended September 30, 2020:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,327,861	\$ 791,306	\$ 8,119,167
Investment Return:			
Dividends and Interest	150,081	20,642	170,723
Net Appreciation	567,202	29,955	597,157
Contributions	-	450	450
Income Expended for Scholarships	-	(3,450)	(3,450)
Endowment Earnings Used for Operations	(352,268)	(20,821)	(373,089)
Changes in Net Assets	365,015	26,776	391,791
Endowment Net Assets - End of Year	<u>\$ 7,692,876</u>	<u>\$ 818,082</u>	<u>\$ 8,510,958</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 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, 2021 and 2020, the amount released for operations was \$355,855 and \$352,268, respectively.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 6 ENDOWMENT (CONTINUED)

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, 2021 or 2020.

NOTE 7 PLEDGES RECEIVABLE

	2021	2020
Less than One Year	\$ 266,414	\$ 328,739
One to Five Years	44,683	53,300
Gross Unconditional Promises to Give	311,097	382,039
Less: Discount to Net Present Value	(1,691)	(2,590)
Less: Allowance for Uncollectible Promise to Give	(39,000)	(40,000)
Net Grant and Pledges Receivable	<u>\$ 270,406</u>	<u>\$ 339,449</u>

Promises due in one to five years were discounted at interest rates ranging from 3.3% to 5.3%. 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, 2021 and 2020:

	2021	2020
Land and Land Improvements	\$ 3,548,696	\$ 3,150,465
Buildings	29,373,491	28,690,037
Equipment	3,789,455	3,580,039
Construction-in-Progress	738,038	484,717
Total	37,449,680	35,905,258
Less: Accumulated Depreciation	(20,760,673)	(19,413,429)
Total	<u>\$ 16,689,007</u>	<u>\$ 16,491,829</u>

GSEP has outstanding commitments on uncompleted construction contracts totaling \$731,901 as of September 30, 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, 2022. 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% and 0.15% as of September 30, 2021 and 2020, respectively). There were no amounts outstanding on the line of credit as of September 30, 2021 or 2020.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 10 LEASE OBLIGATIONS

GSEP leases office equipment under noncancelable operating leases. Total expense was \$123,919 and \$132,126 for the years ended September 30, 2021 and 2020, respectively.

Scheduled future payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 63,606
2023	9,972
2024	9,972
Total	<u>\$ 83,550</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 0.06% and 0.83% for the years ended September 30, 2021 and 2020, 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 2022.

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>	
2022	\$ 145,000	
2023	155,000	
2024	165,000	
2025	175,000	
Total	<u>\$ 640,000</u>	
	<u>2021</u>	<u>2020</u>
Bonds Payable as of September 30	\$ 640,000	\$ 780,000
Less: Unamortized Bond Issuance Costs	36,980	48,097
Bonds Payable, Net	<u>\$ 603,020</u>	<u>\$ 731,903</u>

Interest expense on the bonds and letter of credit fees totaled \$4,163 and \$14,184 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 AND 2020

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%.

Scheduled future mandatory redemption payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 4,484
2023	4,754
2024	1,712
Total	<u>\$ 10,950</u>

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 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.

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.

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. GSEP has recorded the PPP Loan as a liability and expects the entire principal and accrued interest on the loan balance to be forgiven during fiscal year 2022. When the notice of forgiveness is received from the SBA for the second PPP Loan, GSEP will record the forgiveness as a gain on extinguishment of debt on the statement of activities.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 14 NET ASSETS

Net assets without donor restrictions are available for the following purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 18,041,318	\$ 18,467,770
Board Designated Endowment	8,634,010	7,692,876
Board Designated Land, Building and Equipment	7,711,684	8,670,128
Total	<u>\$ 34,387,012</u>	<u>\$ 34,830,774</u>

Net assets with donor restrictions consist of the following funds restricted for time and/or purpose as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Endowment Earnings for Scholarships	\$ 59,714	\$ 54,596
Promises to Give that are Restricted by Donors and which are Unavailable for Expenditure until Due:		
Program Support	154,136	301,478
Capital Improvements	193,252	25,000
Subject to Passage of Time:		
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	86,409	138,945
Endowment Appreciation	131,055	129,582
Endowment Corpus to be Maintained in Perpetuity	634,714	633,904
Interest in Perpetual Trust Held in Perpetuity	<u>503,666</u>	<u>413,236</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,762,946</u>	<u>\$ 1,696,741</u>

NOTE 15 COOKIE PROGRAM

Cookie Program revenue represents gross cookie revenues earned of \$11,103,851 and \$17,263,705 less the direct cost of cookies purchased from the baker of \$2,997,619 and \$4,471,898 for the years ended September 30, 2021 and 2020, 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 \$3,218,828 and \$4,289,887 were allocated to Other Girl Programs in 2021 and 2020, respectively.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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.

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, 2021. 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 2021, the funded status of the Plan increased and the \$30,000,000 minimum will no longer apply. 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. In September 2020, the National Board of GSUSA 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 by GSUSA in fiscal years 2021 and 2020 were \$32,900,000 and \$32,200,000, respectively. Aggregate contributions by GSUSA are expected to be \$32,200,000 in fiscal year 2022.

GSEP made contributions into the NGSCR of \$690,888 and \$793,428 during the years ended September 30, 2021 and 2020, 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, 2021 and 2020, were \$104,978 and \$96,171, 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 and a decrease of \$614 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020. The plan was liquidated in June 2021.

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 17 RELATED PARTY TRANSACTIONS

GSEP remitted to GSUSA membership dues aggregating \$192,330 and \$270,740 for the years ended September 30, 2021 and 2020, respectively. Accrued expenses include \$1,390 and \$-0- for amounts collected, but not remitted to, GSUSA as of September 30, 2021 and 2020, 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, 2021 and 2020, and our report thereon dated January 19, 2022, 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, 2021, 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 19, 2022

**GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021
(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 2021 (October 1, 2020-September 30, 2021), GSEP provided the Girl Scout Leadership Experience (GSLE) to more than 20,000 girls, with the help of close to 11,000 adult members.

Transformation Strategy

GSEP is in year one of the Transformation Strategy which is heavily rooted in its previous strategy including GSEP's three core business goals:

1. **Movement:** To ensure every girl in our 9-county footprint is aware of and has access to the full GSLE.
2. **Membership:** To achieve sustainable membership growth by reaching 90% of the annual troop formation goal by December 31.
3. **Money:** To continuously reinvest in the girls and volunteer experience by generating a surplus through increased revenue and optimized resource utilization.

GSEP's seven guiding principles: Leadership, Community, Service, Inclusion, Respect, Integrity, and Innovation remain, as does our culture of Service, Learning, and Growth.

The Transformation Strategy calls for getting GSEP's House in order:



Based in a commitment to Belonging through Diversity Equity and Inclusion, with Girls' Leadership at the top, Volunteers just below them...supporting our Girls experience. Leadership Excellence is about Our Organization developing a culture than moves from maintenance to excellence. We will accomplish this through the ABC's:

- Accountability – to achieve results*
- Breakthrough thinking – to be ever better; and*
- Conscious Empathy – both internally and externally.*

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

GSEP's four pillars of excellence are:

1. Strategy and New Markets
2. Member and Community Excellence
3. Operational Excellence – what we do...Girl Program and Volunteers Services
4. And Functional Excellence

With Good Communications running throughout

This structure will help us to achieve our core goals:

Movement: understanding the whole community of Girl Scouting in every service unit, e.g., Girls by age level, girls who have earned service bars and torch awards, top cookie sellers, bronze, silver, and gold award girl scouts, operational volunteers, board members, alumni – building a community and utilizing our community to expand Girl Scouting.

Membership: Utilizing the deep data we now have by area, e.g., our school report, and our volunteer structure to ensure accessibility and flexibility by community.

Money: Through effective operations and customer service, create greater ease in partnering with GSEP. Through strategic financial management, ensuring our spending matches with our priorities.

Program Accomplishments FY21:

This narrative will take you through how GSEP worked to achieve goals in FY21 and is organized by Pillars of Excellence.

Strategy and Marketing

Faced with the challenges of a global pandemic, GSEP's operations realized the reverse of FY20. From October 2020 until Spring 2021, GSEP was unable to provide the Girl Scout Leadership Experience in person or hold in-person recruitment events. GSEP continued to offer Girl Scouts at Home virtual programming and worked with volunteers to hold virtual recruitment events.

With a special focus on Daisy and Brownie Recruitment, GSEP utilized data and information to hyper focus on the close to 1,250 public schools in our 9-county footprint. Utilizing new data resources, GSEP can see how many Girl Scouts are at each school, their age levels, the number of girls not participating, and what percentage of the available girl population we were serving. We also studied demographics by community and researched community profiles, interests, resources, and partnerships. Core goal 1 demands that every girl is aware of and has access to the Girl Scout Leadership Experience. GSEP was able to evaluate from community to community those girls we are not yet reaching and set new goals for access and belonging. While our knowledge of each community grew this year, our access to schools was almost non-existent. We relied heavily on email marketing and communications strategies to current and lapsed members, social media, and our volunteer network.

GSUSA launched a complete refresh of the Brand Principals and Standards, and GSEP started FY21 with clear goals and strategies to support the new brand strategy and communication tactics. This included affirming who we are and what we stand for and how we would successfully relate to and communicate as a force in girls' lives. The mantra, "Girl Scouts champion girl ambition" will permeate throughout our internal and external communications across all channels and provide the Girl Scout Leadership Experience to all girls, regardless of grade, ethnicity, or financial circumstances. Brand

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Ambassador and Brand Manager training were provided to GSEP staff and volunteers to share brand standards, changes to our look and lockup and all with a clear explanation for the rationale behind the refresh.

Programmatically, we continued to offer virtual programs through Girl Scouts at Home as well as a limited run virtual Camp at Home. COVID safety guidelines were followed and encouraged with troops meeting outdoors and following social distancing. Many Girl Scout troops met on neighborhood trails and others remained 100% virtual. In the winter and early spring, GSEP focused on supporting an all- virtual Cookie Program and on registrations for the return of in-person Camp and Summer Programs. Visibility for GSEP increased significantly with multiple media opportunities for recruitment, cookies, and camp. GSEP Business Analysts worked in partnership with the program team to ensure all virtual and in- person programs were publicized and evaluated.

A programmatic partnership funded by the Satell Institute played an important role in the summer of 2021. Three virtual programs were offered to 93 girls. Four, four-week sessions were facilitated by GSEP staff.

Girl Scouts Beyond Bars has been a funded program at GSEP since the 1990s and faced severe challenges when the prisons closed because of COVID. Prior to the pandemic girls could visit their mothers twice a week, and the other two weeks met in person as a troop. The in-person program was a progressive girl experience. A meeting is set for fall of 2021 at the prison with its new warden to rebuild enrollment. Additionally, GSEP is inviting all other councils nationwide to join a consortium of councils who address girls whose parents are incarcerated, and GSEP is also going to revise the extensive curriculum, first written in 1992.

An aggressive Spring Renewal and Extended Year campaign was launched in Spring 2021 utilizing the new brand assets and capitalizing on a live virtual event with Michelle Obama "Becoming Me" focused on positive mental health and wellness. The campaign ran from April 1 through June 30 with good results. GSEP saw 2,882 girls and 957 adults register for the *Becoming Me* virtual event on May 6th. GSEP's members made up 3% of the total registrants for this event. In total, this Spring Renewal and Extended Year campaign saw 9,161 girls, and 2,681 adults renew their GSEP memberships, 250 new lifetime members.

GSEP migrated to GSUSA's Volunteer Systems 2.0 in November 2020 and to gsEvents in April 2021. These migrations involved multiple steps including data validation, staff training, sandbox piloting, communications to membership, and the integration of multiple systems: Salesforce, MyGS, the Volunteer Toolkit, gsLearn, Looker, Netsuite, and gsEvents. This massive project will connect multiple systems and simplify the member experience, as well as GSEP's ability to manage operations, retail, and member services. On the GSEP side of data validation, staff training, and member communications this process was thorough and successful. Unfortunately, several challenges were realized at GSUSA which created multiple challenges for the GSEP team and members. Solutions took multiple months, and many members were at the waiting end of these solutions. This will create challenges for Fall recruitment in 2021.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Member and Community Excellence

In FY21 GSEP saw a 34.71% drop in Girl Membership with 20,072 girls and a 7.5% drop in Adult Membership with 10,925 adults. This decline was directly related to the COVID-19 pandemic's ongoing interruption of in-person troop meetings and the inability to reach girls through schools or partner sites. As mentioned earlier, the reverse of 2020, in June 2021, GSEP was able to resume summer programs at community and recreation centers and successfully served 580 Girl Scouts. GSEP, unlike most of its sister Girl Scout councils, ran all seven of its camps (4 resident and 3 day) serving more than 3,500 Girl Scouts. These in-person programs during Q4 were responsible for bringing back many Girl Scouts who had previously not been participating virtually.

In late FY21, GSEP re-organized its Community Map and Engagement team. With schools at the center, new regions were mapped to accommodate similar numbers of schools. Additional human resources were added to this area to accommodate the increased number of regions to manage, and new job descriptions were created. Community Engagement Specialists were recruited from the communities they will be managing, and all new personnel went through a skills assessment prior to hiring. GSEP looks forward to this increased investment, personal connection to communities, and clear organization by schools.

Due to COVID-19 restrictions and other protocols mandated by PA State Health Department and Center for Disease Control and Prevention, GSEP was forced to run a fully virtual Cookie Program for FY21, which ran from January 21-March 14, 2021. The Cookie Program closed with \$11,103,851 million in gross revenue, and a per girl average (PGA) of 235 boxes, surpassing the FY20 PGA of 217 boxes. As a result of the program being entirely virtual, only 68% of registered Girl Scouts participated, or 11,748 girls. By comparison, in previous years an average of 76% of registered Girl Scouts participate. GSEP took advantage of some new opportunities including GSUSA's national partnership with Grub Hub. Customers could order cookies for delivery within the geographic radius of four locations, including Lehigh Valley at Camp Mountain House, and GSEP's Valley Forge, Shelly Ridge and Jane Seltzer Service Centers. In addition to the innovative efforts of the girls and dedicated troop leaders, GSEP's inventory management was modified with weekly orders. This allowed GSEP to keep up with demand without taking the risk of over-ordering. GSEP was not left with the excessive inventory some of its sister Girl Scout councils experienced.

In FY21, Fundraising at GSEP exceeded its Likely Scenario budget. All three Take the Lead fundraising events: Philadelphia, Berks County and Lehigh Valley, were held virtually. In each location, GSEP hosted a donor party and a one-hour fully produced event. All attendees received personal Take the Lead event kits mailed directly to their homes. These kits were beautifully designed with program books, themed coasters, a box of Girl Scout cookies, and other celebratory items. As in prior years, each event recognized remarkable women in their respective communities, whose work and contributions to the region exemplifies the Girl Scout mission. In 2021 we were proud to recognize 13 honorees, who were paired with high school-age Girl Scouts for a shadow day and mentorship experience. Due to the generous support of corporate sponsors and individuals, and the hard work of our co-chairs, committees, and staff, Take the Lead fundraising reached 97% of its goal. Individual giving, corporate grants, and foundation grants all surpassed their fundraising goals, while GSEP's United Way efforts reached 89% of its fundraising goal.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Adult Camping Weekend was held in person August 20-22, 2021, at Camp Laughing Waters with more than 100 participants, representing a return to pre-COVID attendance numbers. Guests spent the weekend at camp basket-weaving, canoeing, enjoying the pool and each other, and singing around the campfire. There was a vibrant silent auction and raffle, and the weekend raised more money for GSEP's Older Girl Scholarships than ever before, surpassing the budgeted goal by \$6,500.

On February 23, 2021, GSEP hosted an Alum Town Hall via Zoom with more than 60 participants. Led by Kim Fraites-Dow, GSEP's CEO, this Town Hall was an opportunity for Girl Scout alums and supporters to learn about the current state of the Girl Scout Movement and how GSEP has been implementing the mission during the COVID-19 pandemic.

Operational Excellence

As mentioned earlier for the first three quarters of FY21, GSEP ran virtual programs through Girl Scouts at Home and provided support for troop leaders and service unit volunteers to troubleshoot challenges and brainstorm virtual programs. GSEP celebrated 463 Bronze Award Girl Scouts; and held a virtual award ceremony for 141 Silver Award Girl Scouts. By late Spring 2021 GSEP was able to offer a hybrid Gold Award Ceremony for the 80 Gold Award Girl Scouts. A special in-person staggered event was held at Camp Laughing Waters. Additionally, the 500 Club event for Top Cookie Sellers was held at Camp Laughing Waters, where girls and their families were able to enjoy a day of camp activities culminating with spectacular fireworks over the great lawn.

In consideration of COVID safety guidelines, GSEP's four resident camps and three-day camps were planned to serve 70% of typical campers. While camp staffing was a real challenge, many volunteers and staff filled important roles from counselor to line cook. During the seven weeks of summer camp, GSEP served 3,602 registered campers. Of these campers, 1,234 campers registered for day camp, and 2,355 campers registered for resident camp (13 registered for core camp). Campers in grades K-3 made up 40% of all GSEP camp registrations (1,452 K-3 campers). Cadettes and older girls made up 27% of camp registrations (987 campers). The average age of all campers was 10.6 years; 8.9 years for day camp and 11.4 years for resident camp.

GSEP's Community Engagement team along with additional staff served 580 girls in Summer Programs at community centers, recreation centers, parks, and other partner sites. Girls in Summer Programs enjoyed a STEM curriculum coupled with Becoming Me focused on mental health and wellness.

F.A.L.L. 2020 brought together 145 participants from all over GSEP for a virtual day of learning, networking, and fun! Participants each received a robust kit full of event swag and workshop supplies and learned new skills in the 26 virtual workshops hosted via Zoom. The Band App served as the event's social networking platform, providing space for support, connecting, and sharing experiences. The event ended with a virtual evening campfire for all attendees.

The Girls Scouts 55th National Council Session was held virtually for the first time October 23-25, 2020. GSEP's 25 NCS Delegates and three Alternates, along with more than a dozen visitors attended more than 30 hours of business meetings during the 2020 NCS. The meetings were very long (none ending before 11:30 pm all three nights), but the group was able to stay attentive and engaged due to the concurrent Zoom room GSEP hosted.

GIRL SCOUTS OF EASTERN PENNSYLVANIA, INC.
PROGRAM ACCOMPLISHMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Volunteer Awards was held virtually on December 1, 2020 with 150 attendees, 66 awardees, and the ceremony featured both pre-recorded videos and a live emceed event. GSEP surprised the recipients of the Lights of Loyalty Award, Gertrude K. McGonigle Award, and GSEP Award with a Publisher's Clearinghouse-style surprise complete with professionally photographed house visits with flowers, yard signs, and balloons. All awardees received a special mailing, complete with their award and goodies like the event program, an event poster for social media, and an exclusive discount for the GSEP shops.

As a result of COVID-19 restrictions, GSEP chose to cancel the Women's Leadership Conference.

Functional Excellence

The FY21 Operating Budget was built with a few key issues in mind: membership, Cookie Program uncertainty, pandemic duration, timing of return to in-person operations, and in-person girl programming and camps vs. virtual. For the first time, GSEP presented two budgets, a likely scenario and pessimistic scenario to accommodate the unpredictable pandemic environment. GSEP successfully applied for a second SBA PPP loan and received forgiveness from the first SBA PPP loan in FY21. As mentioned above, the first three quarters of FY21 were primarily virtual, including the main revenue drivers, the Cookie Program and Take the Lead. If possible, with CDC protocols and American Camp Association guidance, GSEP prioritized holding in-person summer camp. GSEP closed the year successfully in between the likely and pessimistic scenario budgets. GSEP reduced its personnel to 88 people: 81 full-time and 7 Part-time positions. This is down from 105 in FY20. This reduction was a result of freezing open positions and restructuring for the Transformation Strategy. Two key Senior Management professionals were recruited, Jennifer Allebach, Chief Mission Delivery Officer, and Cecily Macy, Head of Fund Development. As mentioned above, changes were made to the Community Engagement team structure, with additional positions added to accommodate increased territory management roles. More than 40 managers received personal Birkman Leadership Assessments and participated in a full day facilitated manager training with Grace Killelea Consulting. This exercise aimed to provide insight into individual leadership styles, as well as provide opportunities to understand how to work better cross-functionally.

GSEP acquired a house and 40 acres adjacent to Camp Mountain House, including the access easement road running through the Camp. Part of the agreement included a future sale of 38 acres to the Wildlands Conservancy adjoining to their South Mountain Preserve. GSEP will maintain the house and two acres and will be investigating programmatic opportunities for the 3500+ square foot building. Additionally, this purchase will connect Camp Mountain House to the South Mountain Preserve, increasing Girl Scouts access to trails and increased environmental education opportunities.

GSEP was successful in securing commitments from New Hanover Township and Upper Frederick Township totaling close to \$700,000 in support of a conservation easement on Camp Laughing Waters. These township investments are contingent upon two pending state government grants from DCED and DCNR respectively.

The Girl Adventure Place Campaign and Capital improvements to Camps Shelly Ridge and Mountain House continued to make significant progress. The construction phase of the Camp Shelly Ridge project is underway, with continued planning at Camp Mountain House. Additionally, significant commitments to the campaign were secured.