




girl scouts
of new mexico trails



FINANCIAL STATEMENTS
GIRL SCOUTS OF NEW MEXICO TRAILS, INC.
SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Girl Scouts of New Mexico Trails, Inc.
Albuquerque, New Mexico

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of the Girl Scouts of New Mexico Trails, Inc. (the Council) (a non-profit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

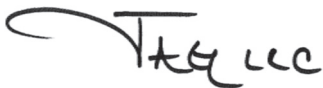
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
August 2, 2023



girl scouts
of new mexico trails

**FINANCIAL
STATEMENTS**

Financial Statements

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,098,799	\$ 442,728
Grants receivable	10,204	34,597
Current portion of unconditional promises to give	29,565	23,614
Other receivables	205,956	10,626
Inventories	53,762	65,653
Prepaid expenses	37,612	33,107
Total current assets	1,435,898	610,325
Investments	1,421,656	1,717,115
Property and equipment, net	1,940,719	1,991,353
Other assets		
Beneficial interest in perpetual trust	94,561	111,718
Deposits	31,206	31,051
Unconditional promises to give, less current portion, net	-	2,994
Right-to-use leased assets, net	6,898	25,543
Total other assets	132,665	171,306
Total assets	\$ 4,930,938	\$ 4,490,099
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 56,289	\$ 69,937
Other accrued liabilities	50,572	56,184
Accrued payroll and related taxes	55,474	27,393
Accrued compensated absences	36,513	45,282
Deferred revenue	27,775	25,150
Current portion of lease liability	11,386	16,601
Current portion of long-term debt	11,255	15,071
Total current liabilities	249,264	255,618
Lease liability, less current portion	354	11,741
Long-term debt, less current portion	29,552	315,229
Total liabilities	279,170	582,588
NET ASSETS		
Without donor restrictions	4,301,901	3,523,165
With donor restrictions	349,867	384,346
Total net assets	4,651,768	3,907,511
Total liabilities and net assets	\$ 4,930,938	\$ 4,490,099

See Accompanying Notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions and grants	\$ 836,845	\$ 169,299	\$ 1,006,144
PROGRAM RELATED REVENUE			
Gross product program sales	3,634,911	-	3,634,911
Allocations to troops	(570,795)	-	(570,795)
Direct cost of product program sales	(975,998)	-	(975,998)
Net revenue from product program sales	2,088,118	-	2,088,118
Retail revenue	72,256	-	72,256
Direct cost of retail sales	(44,817)	-	(44,817)
Net revenue from retail sales	27,439	-	27,439
Program and camp services	269,172	-	269,172
Total program related revenue	2,384,729	-	2,384,729
INVESTMENT AND OTHER REVENUE (LOSSES)			
Federal contribution - PPP loan forgiveness	276,804	-	276,804
Net realized and unrealized losses on investments	(310,397)	-	(310,397)
Interest and dividend income	32,091	-	32,091
Change in value of beneficial interest in perpetual trust	-	(17,157)	(17,157)
Rental and service income and other	104,824	-	104,824
Total investment and other revenue (losses)	103,322	(17,157)	86,165
Net Assets Released from Donor Restrictions	186,621	(186,621)	-
Total revenue and support	3,511,517	(34,479)	3,477,038
EXPENSES			
Program services			
Program and camp services	1,282,958	-	1,282,958
Membership and volunteer support	576,649	-	576,649
Cookie/MagNut program	233,848	-	233,848
Total program services	2,093,455	-	2,093,455
Supporting services			
Management and general	442,306	-	442,306
Fundraising	197,020	-	197,020
Total supporting services	639,326	-	639,326
Total expenses	2,732,781	-	2,732,781
Change in net assets	778,736	(34,479)	744,257
Net assets, beginning of year	3,523,165	384,346	3,907,511
Net assets, end of year	\$ 4,301,901	\$ 349,867	\$ 4,651,768

See Accompanying Notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions and grants	\$ 100,522	\$ 186,395	\$ 286,917
PROGRAM RELATED REVENUE			
Gross product program sales	3,138,767	-	3,138,767
Allocations to troops	(497,389)	-	(497,389)
Direct cost of product program sales	(811,191)	-	(811,191)
Net revenue from product program sales	1,830,187	-	1,830,187
Retail revenue	84,263	-	84,263
Direct cost of retail sales	(54,944)	-	(54,944)
Net revenue from retail sales	29,319	-	29,319
Program and camp services	222,546	-	222,546
Total program related revenue	2,082,052	-	2,082,052
INVESTMENT AND OTHER REVENUE			
Federal contribution - PPP loan forgiveness	276,900	-	276,900
Net realized and unrealized gains on investments	179,218	-	179,218
Interest and dividend income	22,491	-	22,491
Change in value of beneficial interest in perpetual trust	-	14,586	14,586
Rental and service income and other	69,761	-	69,761
Gain on disposition of property and equipment	200	-	200
Total investment and other revenue	548,570	14,586	563,156
Net Assets Released from Donor Restrictions	152,344	(152,344)	-
Total revenue and support	2,883,488	48,637	2,932,125
EXPENSES			
Program services			
Program and camp services	1,022,895	-	1,022,895
Membership and volunteer support	702,549	-	702,549
Cookie/MagNut program	165,619	-	165,619
Total program services	1,891,063	-	1,891,063
Supporting services			
Management and general	335,457	-	335,457
Fundraising	199,577	-	199,577
Total supporting services	535,034	-	535,034
Total expenses	2,426,097	-	2,426,097
Change in net assets	457,391	48,637	506,028
Net assets, beginning of year	3,065,774	335,709	3,401,483
Net assets, end of year	\$ 3,523,165	\$ 384,346	\$ 3,907,511

See Accompanying Notes.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program			Supporting Services		Totals Expenses
	Program and Camp Services	Membership and Volunteer Support	Cookie/ MagNut Program	Management and General	Fundraising Fund Development	
Salaries and related expenses						
Salaries and wages	\$ 469,528	\$ 444,149	\$ 50,760	\$ 196,607	\$ 107,953	\$ 1,268,997
Payroll taxes	35,091	33,195	3,794	14,226	8,536	94,842
Employee retirement	24,475	23,153	2,646	9,923	5,954	66,151
Employee benefits	14,648	13,857	1,584	5,939	3,563	39,591
Workers' compensation insurance	3,638	3,441	393	1,475	885	9,832
Total salaries and related expenses	547,380	517,795	59,177	228,170	126,891	1,479,413
Supplies	96,312	10,851	137,642	6,833	355	251,993
Professional services	40,911	2,770	4,149	108,325	347	156,502
Travel	65,097	8,003	1,805	4,268	11	79,184
Maintenance	77,546	-	-	3,552	29	81,127
Utilities	116,839	-	-	8,828	4,116	129,783
Other occupancy	12	-	-	6	-	18
Insurance	84,221	362	25	10,535	1,744	96,887
Equipment and software	36,398	-	-	16,143	3,103	55,644
Miscellaneous	1,990	-	-	89	446	2,525
Conference, meetings, and staff development	8,934	5,848	-	7,070	43,624	65,476
Interest	-	-	-	6,990	2,288	9,278
Printing, promotion, and publications	9,345	3,613	1,842	6,183	502	21,485
Assistance and grants	27,788	22,459	-	-	-	50,247
Bank charges	15,483	30	10	5,689	959	22,171
Rental of program facilities	10,066	122	-	92	84	10,364
Recruitment	-	4,737	-	297	-	5,034
Investment fees	-	-	-	12,987	-	12,987
Postage and delivery	3,322	59	43	2,254	1,677	7,355
Bad debt expense	-	-	29,155	1,231	-	30,386
Total expenses before depreciation	1,141,644	576,649	233,848	429,542	186,176	2,567,859
Depreciation and amortization	141,314	-	-	12,764	10,844	164,922
Total expenses	\$ 1,282,958	\$ 576,649	\$ 233,848	\$ 442,306	\$ 197,020	\$ 2,732,781

See Accompanying Notes.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program			Supporting Services			Total Expenses
	Program and Camp Services	Membership and Volunteer Support	Cookie/MagNut Program	Management and General	Fund Development	Fundraising Capital Campaign	
Salaries and related expenses							
Salaries and wages	\$ 474,801	\$ 448,471	\$ 50,040	\$ 200,239	\$ 109,528	\$ 5,004	\$ 1,288,083
Payroll taxes	34,455	36,066	4,054	15,323	8,541	389	98,828
Employee retirement	15,573	24,363	7,601	15,704	2,867	335	66,443
Employee benefits	22,497	15,350	2,795	4,554	5,729	534	51,459
Workers' compensation insurance	7,059	2,136	148	513	286	16	10,158
Total salaries and related expenses	554,385	526,386	64,638	236,333	126,951	6,278	1,514,971
Professional services	26,475	18,500	2,083	24,974	34,396	523	106,951
Supplies	76,382	6,559	709	6,140	2,489	33	92,312
Incentives	220	11,689	76,417	228	76	-	88,630
Utilities	55,617	10,784	1,853	4,713	3,157	602	76,726
Maintenance	34,619	24,473	1,096	8,636	4,491	295	73,610
Insurance	30,649	9,978	1,482	12,450	2,783	532	57,874
Other occupancy	34,762	3,464	110	438	186	35	38,995
Telecommunications	18,283	22,262	1,180	3,850	2,319	372	48,266
Travel	29,609	6,299	1,731	440	-	-	38,079
Bank charges	5,146	6,679	847	3,756	1,759	-	18,187
Staff and volunteer development	2,246	6,320	100	2,577	4,172	-	15,415
Postage and delivery	4,857	4,902	719	681	1,859	116	13,134
Interest	1,875	-	-	12,913	-	-	14,788
Printing, promotion, and publications	1,121	9,616	164	165	446	-	11,512
Miscellaneous	809	324	9,175	806	71	6	11,191
Rental of program facilities	-	10,605	-	-	-	-	10,605
Investment fees	-	-	-	10,095	-	-	10,095
Assistance and grants	11,757	1,691	5	-	-	-	13,453
Recruitment	625	2,140	-	-	-	-	2,765
Total expenses before depreciation	889,437	682,671	162,309	329,195	185,155	8,792	2,257,559
Depreciation and amortization	133,458	19,878	3,310	6,262	4,661	969	168,538
Total expenses	\$ 1,022,895	\$ 702,549	\$ 165,619	\$ 335,457	\$ 189,816	\$ 9,761	\$ 2,426,097

See Accompanying Notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Changes in net assets	\$ 744,257	\$ 506,028
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	164,922	168,538
Net realized and unrealized gains on investments	297,458	(179,218)
Bad debt expense	30,386	-
Gain on sale of property and equipment	-	200
Federal contribution - PPP loan forgiveness	(276,804)	(276,900)
Change in value of beneficial interest in perpetual trust	17,157	(14,586)
Change in assets and liabilities		
Grants receivable	24,393	(31,584)
Unconditional promises to give	(2,957)	14,670
Other receivables	(225,716)	6,808
Inventories	11,891	(812)
Prepaid expenses	(4,505)	4,340
Deposits	(155)	(7,782)
Accounts payable	(13,648)	37,212
Accrued expenses	13,700	(52,400)
Deferred revenues	2,625	14,311
Lease liability	(16,601)	(15,846)
Total adjustments	22,146	(333,049)
Net cash provided by operating activities	766,403	172,979
Cash flows from investing activities		
Purchases of property and equipment	(95,643)	(125,193)
Proceeds from sale and maturities of investments	900,000	500,000
Purchases of investments	(900,000)	(757,009)
Net cash used in investing activities	(95,643)	(382,202)
Cash flows from financing activities		
Net activity on line-of-credit	-	-
Proceeds from long-term debt	-	325,553
Principal payments on long-term debt	(14,689)	(11,968)
Net cash provided by (used in) financing activities	(14,689)	313,585
Net increase in cash and cash equivalents	656,071	104,362
Cash and cash equivalents, beginning of year	442,728	338,366
Cash and cash equivalents, end of year	\$ 1,098,799	\$ 442,728
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 9,278	\$ 14,788
Donation of materials, supplies, and services	\$ -	\$ 2,046

See Accompanying Notes.

Notes to Financial Statements

SEPTEMBER 30, 2022 AND 2021

NOTE 1. THE ORGANIZATION

The Girl Scouts of New Mexico Trails, Inc. (the Council) is a not-for-profit organization incorporated in New Mexico 1958. The Council's primary purpose is to service girl scouting under a charter from the Girl Scouts of the United States of America (the GSUSA). The Council provides programs and activities in its jurisdiction based on three program goals of developing courage, confidence, and character. The Council serves girl scouting throughout the top two-thirds of the State of New Mexico.

The Council defines its programs and services as follows:

Camping Services - Through the camping experience, girls gain independence, self-esteem, and an appreciation for themselves and others. Camp activities teach girls to protect the environment and to use resources wisely.

Program Events (Cookie/MagNut Program) - Program events supplement the volunteer leaders' efforts to help girls grow strong emotionally and physically and become tomorrow's competent and self-confident leaders. Program events serve girls ages 5-17 throughout the Council's jurisdiction. Product program sales, including cookies, nuts, and magazines, teach Girl Scouts customer service, budgeting, goal setting, and product knowledge while providing funds for troop activities. The Girl Scout shop provides official GSUSA merchandise to the membership.

Membership and Volunteer Support

Membership - The Council is dedicated to serving "Every girl, everywhere" ages 5-17 years within its jurisdiction. The Council currently supports a membership of 4,384 (unaudited) girls and adults through a wide range of programs and training opportunities. The Council believes it is investing in tomorrow's leaders by empowering young girls and women to reach beyond the conventional to achieve their goals.

Volunteers - Training is provided by Girl Scout volunteers and community professionals at no or minimal cost for adult volunteers.

Management and General - Management and general costs provide the administrative support to meet the Council's goals and objectives as stipulated by the Board of Directors.

Fundraising - Fundraising seeks financial support from the community to promote the Girl Scout program as a means to enhance the lives, self-esteem, and the future of girls and women.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Advertising Costs. Advertising costs, which consist of both purchased and donated items, are charged to expense as costs are incurred and contribution revenue as donated items are received. For the years ended September 30, 2022 and 2021, advertising expense was \$10,378 and \$5,944, respectively. None of the advertising expenses represented noncash contributions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Net Assets. The Council's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions without donor restrictions are recorded as income when constructively received. Net assets subject to restrictions imposed by donors that may or will be met by the occurrence of a specific event or the passage of time, are at the time when the restriction expires, reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The governing board has designated, from net assets without donor restrictions of \$3,525,964 and \$3,065,774, respectively, net assets for the following purposes as of September 30:

	2022	2021
Future projects/reserves	\$ 1,392,231	\$ 1,680,997
Master development	292,753	267,529
Endowment funds	38,163	38,163
Gold Award scholarships - earnings portion only - Harkey	23,417	30,112
Wengerd craft center	1,824	1,824
Total	\$ 1,748,388	\$ 2,018,625

Cash and Cash Equivalents. Cash and cash equivalents include all monies in banks and highly liquid investments purchased outside the trust with original maturity dates of less than three months. Money market accounts purchased inside the trust and held at broker and security institutions are considered investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash and cash equivalents do include cash that is considered restricted for specific purposes.

Contributions. Contributions received are recorded as unrestricted or restricted support depending on the existence and nature of any donor restrictions. However, contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services, Supplies, and Facilities. Donated supplies and other items have been recorded in the accompanying financial statements as non-cash contributions at their estimated fair market value at the date of receipt. Included in non-cash contributions in the Statements of Activities for the years ended September 30, 2022 and 2021 are \$0 and \$2,046, respectively, of donated supplies, equipment, and software of which none were capitalized.

Donated services are reflected as contributions at their estimated fair market value at date of receipt where the donor has specialized skills or the services enhance a nonmonetary asset, and the services would be purchased if not donated. There were no donated services received during the years ended September 30, 2022 or 2021.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A substantial number of volunteers have donated significant amounts of their time in the Council's program services and its fundraising activities. These services do not require specialized skills, nor do they enhance a nonmonetary asset, and, accordingly, no amounts have been reflected in the statements for those services since they do not meet the criteria for recognition.

Donated merchandise utilized for fundraising events is recorded as a contribution at its estimated value on the date of receipt. This value is adjusted through contribution revenue to the actual amount received from the ultimate recipient of the item.

Functional Allocation of Expenses. The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Most expenses are allocated directly to the program or the support service benefited. Certain costs are allocated to the appropriate program or support service using a variable percentage base, determined by management.

Grants and Other Receivables. Grants receivable consist primarily of grant awards due from United Way agencies and other grantor agencies. Other receivables consist primarily of amounts due for registration service fees and checks for Cookie and MagNut sales returned for non-sufficient funds. Other receivables are shown net of an allowance for doubtful accounts of \$23,885 at September 30, 2022 and 2021. The Council provides an allowance, as needed, for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Balances that are still outstanding after reasonable collection efforts are written off. Balances that are past due for 90 days or more are not significant at September 30, 2022 and 2021.

Income Taxes. The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

The Council records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. Interest is recognized and accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Expiring statutes of limitations, audit, proposed settlements, changes in tax law and new authoritative rulings are continually evaluated. As of September 30, 2022 and 2021, no liabilities for uncertain tax positions have been recorded. The Organization's tax returns for the tax years 2020 to 2022, by statute, may be subject to normal federal and state examination.

Intentions to Give. Occasionally, the Council is notified that it has been named as beneficiary of trusts or life insurance policies. These intentions to give are to be paid on death of the designees, are revocable at any time prior to the death of the designees, and have not been received in writing by the Council. Since these amounts do not meet the criteria of revenue recognition, they are not reflected as contributions in the Statements of Activities.

Inventory. Inventory consists solely of purchased Girl Scout supply merchandise and is stated at the lower of cost (FIFO) or net realizable value.

Investments. Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded using the specific identification method upon the sale of investment assets. The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition will differ from the amounts reported in these financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue. The majority of the Council's revenues are from product sales, contributions and program fees. Product sales revenue is recorded as revenue when the sales take place or an order is shipped to the customer. Contributions are recognized as revenue when cash, securities or other assets, or an unconditional promise to give is received. Program fees are accounted for as exchange transactions and are recognized as revenue when a program or event takes place. Amounts received prior to the program or event are recorded as deferred revenue in the Statements of Financial Position.

Property and Equipment. Property and equipment are capitalized at cost. It is the Council's policy to capitalize expenditures for items in excess of \$5,000. Lesser amounts are expensed. When property and equipment is acquired by means of donation, such properties and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at date of receipt. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from three to forty years. The Council uses the direct expensing method to account for planned major maintenance activities.

Subsequent Events. The Council has evaluated subsequent events through August 2, 2023, the date which the financial statements were available to be issued. Management believes no subsequent events have arisen that would require disclosure or accrual in these financial statements.

Unconditional Promises to Give. Contributions are recognized when the donor makes a promise to give to the Council in writing that is, in substance, unconditional and legally enforceable. If a donor states an intent verbally to give rather than a promise to give, contributions are recorded in the year payment is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using present value techniques and a discount rate of 3%. Conditional promises to give are not included in support until the conditions are substantially met.

Use of Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CONCENTRATION OF CREDIT RISKS

The Council maintains its cash balances in several financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At various times balances may exceed federally insured limits; however, the Council maintains its cash with financial institutions which the Council believes limits these risks. At September 30, 2022 and 2021, the Council had no uninsured cash balances.

The Council is primarily supported through its cookie sales, grants, and program fees, Approximately 62% and 77% of the Council's support for the years ended September 30, 2022 and 2021, respectively, came from cookie sales.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

The Council received \$0 and \$16,600 in written multi-year promises to give during September 30, 2022 and 2021, respectively. None of these amounts are still to be paid as of September 30, 2022. Unconditional promises to give that are due in more than one year are recognized at net present value, using present value techniques and a discount rate of 3%. Unconditional promises to give that are expected to be collected within one year are recorded at fair value.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

The unconditional promises to give consist of the following:

	2022	2021
Promises to give, gross	\$ 27,318	\$ 41,988
Additional pledges	72,256	16,600
Pledges written off	-	(2,182)
Received as of September 30	(70,009)	(29,088)
Promises to give at September 30	29,565	27,318
Less: unamortized discount	-	(710)
Net unconditional promises to give	\$ 29,565	\$ 26,608
Amounts due in		
Less than one year	\$ 29,565	\$ 23,614
One to five years	-	2,994
Total	\$ 29,565	\$ 26,608

Amortization of the discount is included in contribution revenue. The Council has not provided an allowance for doubtful accounts on outstanding amounts at September 30, 2022 and 2021, as the Council believes all remaining outstanding amounts will be fully collected.

NOTE 5. INVESTMENTS

The Council follows a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy are:

- **Level 1:** Unadjusted quoted prices for identical assets or liabilities in active markets
- **Level 2:** Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; valuation methodology using other observable inputs or inputs derived from or corroborated by observable market data by correlation or other means
- **Level 3:** Valuation methodology using unobservable inputs

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

Mutual fund: Valued at the net assets value (NAV) of shares held by the respective mutual fund. Net asset value is based on aggregate fair values of all individual shares traded on active markets.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Assets held in perpetual trust: Valued at fair value obtained from third-party trustee.

NOTE 5. INVESTMENTS (CONTINUED)

Cash management account: Valued at net realizable value and included in the accompanying table for reconciliation to the statements of financial position.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Council holds various investments in a trust established by the Council at a financial institution. The trust agreement authorizes the trustee to hold and invest the funds with the approval of the Council. Distributions of income or principal to the Council by the trustee shall only be made with the approval of 75% of the Board of Directors of the Council.

Investments consist of the following:

	Total	Quoted Prices in Active Markets for Level 1	Significant Other Observable Level 2	Significant Unobservable Inputs Level 3
2022				
Equity mutual funds	\$ 835,687	\$ 835,687	\$ -	\$ -
Fixed income mutual funds	483,434	483,434	-	-
Registered investment companies	102,535	102,535	-	-
Assets held in perpetual trust	94,561	94,561	-	-
Cash management accounts	-	-	-	-
Total	\$ 1,516,217	\$ 1,516,217	\$ -	\$ -

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
2021				
Equity mutual funds	\$ 1,099,575	\$ 1,099,575	\$ -	\$ -
Fixed income mutual funds	464,105	464,105	-	-
Registered investment companies	49,434	49,434	-	-
Assets held in perpetual trust	111,718	111,718	-	-
Cash management accounts	104,001	104,001	-	-
Total	\$ 1,828,833	\$ 1,828,833	\$ -	\$ -

NOTE 5. INVESTMENTS (CONTINUED)

A summary of investments by cost and fair value is as follows:

	September 30, 2022		September 30, 2021	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 854,386	\$ 835,687	\$ 889,442	\$ 1,099,575
Fixed income mutual funds	551,044	483,434	445,950	464,105
Registered investment companies	102,535	102,535	49,969	49,434
Assets held in perpetual trust	N/A	94,561	N/A	111,718
Cash management accounts	-	-	104,001	104,001
Total investments held in trust		\$ 1,516,217		\$ 1,828,833

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30:

	2022	2021
Buildings	\$ 2,877,006	\$ 2,871,962
Land improvements	902,071	885,051
Furniture, fixtures, and equipment	745,447	709,547
Building improvements	450,699	443,020
Vehicles	222,144	192,144
	<u>5,197,367</u>	<u>5,101,724</u>
Less: accumulated depreciation	(3,965,430)	(3,819,153)
Land	708,782	708,782
Total land, buildings, vehicles, and equipment, net	\$ 1,940,719	\$ 1,991,353

NOTE 7. LINE OF CREDIT

The Council has a \$1,200,000 revolving line of credit with a credit union. The line of credit is for a one-year term with provisions for annual extensions and remains subject to a due on demand feature in which payment in full is due within 15 days of the lender's demand. The line has a variable interest rate based on the prime rate as quoted in the money section of the Wall Street Journal plus 1% (6.25% at September 30, 2022 and 3.25% at September 30, 2021), with a floor of 3.85%. Interest is payable monthly with principal due upon lender's demand. The line is secured by property. The outstanding balance as of September 30, 2022 and 2021 was \$0 for both years. The Council is required to comply with certain covenants and provisions in connection with the line of credit. All such covenants and provisions were complied with as of September 30, 2022.

NOTE 8. LONG-TERM DEBT

Long-term debt consists of the following at September 30:

	2022	2021
Note payable to finance company, 4.68% interest; maturity February 2023; secured by vehicle; monthly payments (including interest) of \$617	\$ 3,023	\$ 9,936
Payroll Protection Program note payable to SBA, 1.0% interest; maturity April 2026; no monthly payments, fully forgiven in 2022	-	274,804
Note payable to finance company, 3.25% interest; maturity March 2027; secured by vehicle; monthly payments (including interest) of \$389	18,892	22,779
Note payable to finance company, 3.25% interest; maturity March 2027; secured by vehicle; monthly payments (including interest) of \$389	18,892	22,781
Total long-term debt	40,807	330,300
Less current portion	(11,255)	(15,071)
Long-term portion	\$ 29,552	\$ 315,229

Maturities on long-term debt are as follows for the year ending:

September 30,	
2023	\$ 11,255
2024	8,500
2025	8,776
2026	9,062
2027	3,214
	<u>\$ 40,807</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods at September 30:

	2022	2021
Restricted by purpose		
Foundation and other grants	\$ 204,311	\$ 200,197
Gold Award scholarships - Harkey	11,226	11,226
Restricted by time		
Grants receivable	10,204	34,597
Unconditional promises to give	29,565	26,608
Amounts Required to be Invested in Perpetuity by Donors		
Donor-restricted endowment funds	94,561	111,718
Total	\$ 349,867	\$ 384,346

NOTE 10. PERPETUAL TRUST

During 2017, the Council determined that it has a one-third equal beneficiary share of a certain perpetual trust. The value of the perpetual trust at September 30, 2022 and 2021 was \$283,684 and \$335,154, respectively, of which the Council's one-third beneficial share of the assets is \$94,561 and \$111,718, respectively. The trust

NOTE 10. PERPETUAL TRUST (CONTINUED)

document intends for the corpus to be held in perpetuity and the investment income to be distributed to the beneficiary organizations no less frequently than on an annual basis. Distributions from the perpetual trust of \$2,572 and \$1,363 for the years ended September 30, 2022 and 2021, respectively, are reflected as restricted contribution income as the trust restricts the funds for the benefit of under-privileged children in and about the general vicinity and area of Albuquerque, New Mexico. Changes in the value of the trust are reflected as changes in net assets with donor restrictions in each respective year of the changes. The Council is permitted to select one of the trust's five-member governing boards.

NOTE 11. ENDOWMENTS

The Council's endowments consist of two individual funds. The first was established as a quasi-endowment fund and includes funds designated by the Board of Directors to function as an endowment. The second includes funds which are donor-restricted and includes the Council's beneficial interest in a perpetual trust. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by type of fund as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 94,561	\$ 94,561
Board-designated endowment funds	38,163	-	38,163
Total investments held in trust	\$ 38,163	\$ 94,561	\$ 132,724

Changes in Endowment Net Assets for the fiscal year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning year	\$ 38,163	\$ 111,718	\$ 149,881
Investment return			
Interest and dividends	-	-	-
Net appreciation/depreciation (realized and unrealized)	-	(17,157)	(17,157)
Total investment return	-	(17,157)	(17,157)
Contributions	-	-	-
Appropriation of endowment assets for expending	-	-	-
Endowment net assets, end of year	\$ 38,163	\$ 94,561	\$ 132,724

NOTE 11. ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition by type of fund as of **September 30, 2021**:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 111,718	\$ 111,718
Board-designated endowment funds	38,163	-	38,163
Total investments held in trust	\$ 38,163	\$ 111,718	\$ 149,881

Changes in Endowment Net Assets for the fiscal year ended **September 30, 2021**:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning year	\$ 38,163	\$ 97,132	\$ 135,295
Investment return			
Interest and dividends	-	-	-
Net appreciation/depreciation (realized and unrealized)	-	14,586	14,586
Total investment return	-	14,586	14,586
Contributions	-	-	-
Appropriation of endowment assets for expending	-	-	-
Endowment net assets, end of year	\$ 38,163	\$ 111,718	\$ 149,881

Interpretation of Relevant Law

The Finance Committee of the Council has interpreted the accounting for its endowments 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. The Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence. The Council considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation/depreciation of investments, (6) other resources of the Council, and (7) the Council's investment policies.

NOTE 11. ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Council does not have an investment policy with regards to the Board-designated endowment and the funds and is currently holding the funds in a cash account with a financial institution. The donor-restricted endowment has an investment policy with a balanced level of investment risk. The objectives for the portfolio are preservation of principal and investment income. Funds are managed by an outside trustee, which is a financial institution. Currently the funds are allocated between money market, mutual fund, equity, alternative, and real asset investments.

NOTE 12. EMPLOYEE RETENTION TAX CREDITS (“ERTC”)

The Council is eligible for the Employee Retention Tax Credit (“ERTC”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) of 2020, as modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. For the year ended December 31, 2020, the ERTC provides a refundable tax credit against certain employment taxes of up to \$5,000 per employee. For the year ended December 31, 2021, the ERTC provides a refundable tax credit against certain employment taxes of up to \$7,000 per employee for each of the first three quarters of 2021. The Council is eligible for total tax credits of \$578,173 through the ERTC for the quarters ending June 30, 2020; September 30, 2020; December 31, 2020; March 31, 2021; June 30, 2021 and September 30, 2021. The Council filed for these credits in the year ended September 30, 2022 and because all conditions associated with ERTC eligibility had been met, the Council recognized the total amount of \$578,173 as revenue in the statement of activities for the year ended September 30, 2022 and receivable for the uncollected ERTC in the amount of \$201,849 in the statement of financial position as of September 30, 2022. During the year ended September 30, 2022, the Council received \$376,324 of the tax credits.

NOTE 13. PROGRAM EVENTS

A summary of special program events during the years ended September 30, 2022 and 2021, is as follows:

	<u>Sales</u>	<u>Allocations to Troops</u>	<u>Direct Costs</u>	<u>2022 Net Revenue</u>	<u>2021 Net Revenue</u>
Cookie sales	\$ 3,445,953	\$ 543,414	\$ 884,184	\$ 2,018,354	\$ 1,769,885
Magazine subscriptions, nuts, and chocolate	<u>188,958</u>	<u>27,381</u>	<u>91,814</u>	<u>69,764</u>	<u>60,302</u>
Total	<u>\$ 3,634,911</u>	<u>\$ 570,795</u>	<u>\$ 975,998</u>	<u>\$ 2,088,118</u>	<u>\$ 1,830,187</u>

The direct cost of cookie sales includes \$891,542 and \$716,225 in purchases from a single vendor for the years ended September 30, 2022 and 2021, respectively. Sales revenue and cost of sales are reported net of discounts.

NOTE 14. EMPLOYEE BENEFIT PLANS

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR) (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of the Girl Scouts of the USA 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.

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Net Plan assets grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2022. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives the Plan the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2021 and 2022 were \$32.7 million and \$32.2 million, respectively. Aggregate contributions to be made in fiscal 2023 are expected to be \$27.55 million.

Contributions made by the Organization, to cover its allocated portion of the underfunded amount, are expensed by the Organization as paid. The total underfunded amount is recorded as a liability on the financial records of Girl Scouts of the USA. The Council's pension expense and contributions to this plan for the years ending September 30, 2022 **and 2021** were \$45,247 and \$45,390, respectively.

The Council instituted a 401(k) pension plan in January 2000. Employees are immediately eligible to contribute upon being hired. The Council matches 100% of the first 3% of employee contributions after the employee has completed 90 days of employment. Employees become vested in the Council contribution after three years of service. Investments are directed by the participants. For the years ended September 30, 2022 **and 2021**, the Council's 401(k) matching contributions were \$20,904 and \$21,053, respectively.

NOTE 15. UNEMPLOYMENT TRUST

The Council has elected to contract with a third-party vendor for unemployment compensation and claims management. The costs of claims under this program are expensed as claims arise. The Council contributed to an unemployment trust account during the years ended September 30, 2022 **and 2021**. Contributions and deductions from the trust account are as follows as of September 30:

	2022	2021
Beginning balance	\$ 26,777	\$ 18,469
Contributions	7,132	16,039
Claims paid	(5,367)	(4,216)
Other deductions	(1,610)	(3,515)
Ending balance	\$ 26,932	\$ 26,777

NOTE 16. LEASE LIABILITY AND RIGHT-TO-USE LEASED ASSET

The Council (lessee) leases certain office space and equipment under operating leases. Monthly payments range from \$302 to \$806. The lease agreements have been recorded at the present value of the future lease payments at the remaining terms of the agreement using the facts and circumstances available on October 1, 2020. Prior year lease and right-to-use leased asset amounts have been presented in the financial statements for purposes of comparability. The liability is measured at a discount rate equal to the incremental borrowing rate at the commencement of the lease. The Council has also recorded an intangible right-to-use leased asset as a result of implementing ASC 842. The leased asset is measured at an amount equal to the initial measurement of the related lease liability and is amortized for the remaining lease term. The right-to-use leased asset as of September 30 is summarized as follows:

NOTE 16. LEASE LIABILITY AND RIGHT-TO-USE LEASED ASSET (CONTINUED)

	2022	2021
Right-to-use leased asset	\$ 44,188	\$ 44,188
Accumulated amortization	(37,290)	(18,645)
Net book value	\$ 6,898	\$ 25,543

The present value of the future minimum lease obligations for the right-to-use leased asset as of September 30, 2022 is as follows:

Year ending December 31,	Principal	Interest	Total
2023	\$ 11,386	\$ 251	\$ 11,637
2024	354	1	355
2025	-	-	-
2026	-	-	-
2027	-	-	-
	<u>\$ 11,740</u>	<u>\$ 252</u>	<u>\$ 11,992</u>

NOTE 17. RELATED PARTY TRANSACTIONS

Contributions from the Council's Board of Directors and Council staff totaled \$20,217 and \$26,515 for the years ended September 30, 2022 **and 2021**, respectively.

The Council purchases the majority of inventory for the store from Girl Scouts of the United States of America (the GSUSA), its national affiliate. For the years ended September 30, 2022 **and 2021**, total inventory purchases from GSUSA were \$39,506 and \$39,622, respectively.

In addition, the Council collects member dues on behalf of the GSUSA and remits those dues periodically throughout the year for members who register through the Council's office. Dues for members that register online are collected directly by the GSUSA and are at no time in the custody of the Council. For the years ended September 30, 2022 **and 2021**, dues remitted totaled approximately \$11,145 and \$16,575, respectively. Dues collected and payable to the GSUSA and other amounts due at September 30, 2022 **and 2021** were \$0 for both years.

NOTE 18. TROOP BANK ACCOUNTS (UNAUDITED)

Girl Scout troops establish bank accounts under the Council's tax identification number. All troop funds are maintained for the benefit of the girls within the respective troop. These funds are not under the control of the Council and have not been included in the accompanying financial statements. However, the Council has established procedures and oversight protocols to ensure that funds are used appropriately. If a troop becomes inactive, any funds remaining in the account are surrendered to the Council. The funds are then used to provide financial aid to girls in the region in which the troop existed. Troop funds totaled approximately \$799,519 and \$422,000 as of May 31, 2022 and 2021, respectively, the most recent data available based on the schedule in which troops report to the Council (unaudited).

NOTE 19. LIQUIDITY AND AVAILABILITY

The following reflects the Council's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor imposed or board imposed restrictions within one year of the statement of financial position date.

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	\$ 1,098,799	\$ 442,728
Receivables	245,725	71,831
Investments	1,421,656	1,717,115
Total financial assets, at year end	2,766,180	2,231,674
Amounts unavailable for general expenditures within one year, due to donor-imposed restrictions	<u>(225,741)</u>	<u>(249,014)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,540,439</u>	<u>\$ 1,982,660</u>

To help manage unanticipated liquidity needs, the Council has access to a \$1,200,000 line of credit with a local credit union. Amounts outstanding on the line of credit at September 30, 2022 and 2021 were \$0 for both years. Details of the line of credit are more fully described in Note 7.

Governance has designated from net assets \$1,748,388 and \$2,018,625 for the years ended September 30, 2022 and 2021, respectively, which could impact liquidity.