Girl Scouts, San Diego-Imperial Council, Inc.

Financial Statements
and Independent Auditor's Report

September 30, 2019

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Girl Scouts, San Diego-Imperial Council, Inc.

Index

Independent Auditor's Report

To the Board of Directors
Girl Scouts, San Diego-Imperial Council, Inc.

We have audited the accompanying financial statements of Girl Scouts, San Diego-Imperial Council, Inc., which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts, San Diego-Imperial Council, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

San Diego, California
January 17, 2020

Girl Scouts, San Diego-Imperial Council, Inc.

Statement of Financial Position
September 30, 2019

Assets

Current assets		
Cash and cash equivalents	$	7,899,067
Accounts receivable, net		59,306
Unconditional promises to give, net		95,218
Inventory		391,729
Prepaid expenses and deposits		185,920
Total current assets		8,631,240
Split-interest agreement		73,782
Investment assets		
Investments		13,203,517
Beneficial interest in perpetual trust		167,873
Total investment assets		13,371,390
Property and equipment		
Land, buildings and equipment		21,410,149
Less accumulated depreciation		(10,879,118)
Total property and equipment, net		10,531,031
Total assets	$	32,607,443

Girl Scouts, San Diego-Imperial Council, Inc.

Statement of Financial Position
September 30, 2019

Liabilities and Net Assets

Current liabilities	
Accounts payable	$ 240,528
Accrued expenses	903,058
Total current liabilities	1,143,586
Long-term liabilities	
Deferred rent	12,943
Total long-term liabilities	12,943
Total liabilities	1,156,529
Net assets	
Without donor restrictions	30,567,961
With donor restrictions	
Perpetual in nature	343,039
Time or purpose restrictions	539,914
Subtotal net assets with donor restrictions	882,953
Total net assets	31,450,914
Total liabilities and net assets	$ 32,607,443

See Notes to Financial Statements.

Girl Scouts, San Diego-Imperial Council, Inc.

Statement of Activities
For the Year Ended September 30, 2019

	Without donor restrictions	With donor restrictions	Total
Program, contribution and other revenue			
Council campaign	$ 592,319	$ 340,017	$ 932,336
In-kind contributions	2,339	-	2,339
Camp and program service fees	1,477,505	-	1,477,505
Fundraising event revenue	344,540	-	344,540
Government grant revenue	81,967	-	81,967
Net assets released from restriction	141,890	(141,890)	-
Total program, contribution and other revenue	2,640,560	198,127	2,838,687
Product program revenue (net of cost of goods sold)			
Cookie sales	14,440,133	-	14,440,133
Less cost of goods sold	6,194,894	-	6,194,894
Net cookie sales	8,245,239	-	8,245,239
Merchandise sales	1,005,761	-	1,005,761
Less cost of goods sold	549,965	-	549,965
Net merchandise sales	455,796	-	455,796
Fall product sales	1,189,998	-	1,189,998
Less cost of goods sold	760,583	-	760,583
Net Fall product sales	429,415	-	429,415
Total product program revenue (net of cost of goods sold)	9,130,450	-	9,130,450
Total program, contribution, other revenue and product program revenue (net)	11,771,010	198,127	11,969,137
Operating expense			
Program services expense			
Personnel and related	6,311,584	-	6,311,584
Non-personnel related	3,509,905	-	3,509,905
Total program service expense	9,821,489	-	9,821,489
Supporting services expense			
Management and general	1,623,761	-	1,623,761
Fundraising and development	740,211	-	740,211
Total supporting services expense	2,363,972	-	2,363,972
Total operating expenses	12,185,462	-	12,185,462
Operating income	(414,452)	198,127	(216,325)
Other income (expense)			
Employee pension expense	(328,768)	-	(328,768)
Investment return, net	705,879	4,565	710,444
Change in value of beneficial interest in perpetual trust	-	14,457	14,457
Other income	89,761	-	89,761
Total other income	466,872	19,022	485,894
Change in net assets	52,420	217,149	269,569
Net assets, beginning	30,515,541	665,804	31,181,345
Net assets, end	$ 30,567,961	$ 882,953	$ 31,450,914

See Notes to Financial Statements.

Girl Scouts, San Diego-Imperial Council, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program services	Management and general	Fundraising	Total
Operating expenses				
Personnel and related				
Salaries and contract labor	$ 5,275,999	$ 876,257	$ 397,784	$ 6,550,040
Employee benefits and payroll taxes	1,035,585	135,302	63,697	1,234,584
Total personnel and related	6,311,584	1,011,560	461,481	7,784,624
Non-personnel				
Professional fees	257,628	202,154	15,589	475,370
Supplies	397,834	5,253	9,088	412,175
Communications and data services	100,238	13,050	749	114,037
Postage and shipping	46,352	3,992	4,701	55,044
Occupancy	562,798	36,957	26,333	626,089
Insurance	9,352	161,365	47	170,765
Equipment purchases - minor	110,896	10,792	281	121,969
Equipment rent and maintenance	339,278	15,683	91,242	446,203
Printing and publications	110,225	7,172	25,787	143,184
Transportation	245,200	13,449	3,442	262,091
Conferences and meetings	127,459	9,803	61,412	198,674
Public relations and marketing	61,409	1,993	6,605	70,008
Organization dues	10,484	1,979	1,780	14,243
Miscellaneous	82,510	12,843	13,958	109,312
Awards and appreciation	45,403	2,987	5,387	53,776
Program training events	141,246	-	-	141,246
Girl and adult assistance	282,099	-	-	282,099
Cookie sales cost of goods sold	6,194,894	-	-	6,194,894
Merchandise sales cost of goods sold	549,965	-	-	549,965
Fall product cost of goods sold	760,583	-	-	760,583
Total non-personnel	10,435,852	499,473	266,401	11,201,726
Total expenses by function before depreciation	16,747,436	1,511,033	727,881	18,986,350
Plus: Depreciation	579,495	112,729	12,330	704,554
Less expenses included with revenues on the statement of activities				
Cookie sales cost of goods sold	(6,194,894)	-	-	(6,194,894)
Merchandise sales cost of goods sold	(549,965)	-	-	(549,965)
Fall product cost of goods sold	(760,583)	-	-	(760,583)
Total expenses included in the expense section of the statement of activities	$ 9,821,489	$ 1,623,761	$ 740,211	$ 12,185,462

See Notes to Financial Statements.

Girl Scouts, San Diego-Imperial Council, Inc.

Statement of Cash Flows
For the Year Ended September 30, 2019

Cash flows from operating activities	
Change in net assets	$ 269,569
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	704,554
Bad debt expense	26,892
Realized and unrealized losses on investments	(259,520)
Gain on sale of assets	2,039
Increase in beneficial interest in perpetual trust	(14,457)
Changes in operating assets and liabilities	
Accounts receivable, net	(38,934)
Unconditional promises to give, net	(12,183)
Inventory	(61,429)
Prepaid expenses and deposits	83,792
Split interest agreement	(9,954)
Accounts payable	2,992
Accrued expenses	190,695
Deferred rent	1,501
Net cash provided by operating activities	885,557
Cash flows from investing activities	
Purchase of property and equipment	(402,278)
Purchase of investments	(344,565)
Sale of investments	(9,775)
Proceeds from sale of assets	9,157
Net cash used in investing activities	(747,461)
Net increase in cash and cash equivalents	138,096
Cash and cash equivalents, beginning	7,760,971
Cash and cash equivalents, end	$ 7,899,067

See Notes to Financial Statements.

Note 1 - Summary of significant accounting policies

Nature of organization

Girl Scouts, San Diego-Imperial Council, Inc. (the "Organization") is southern California's premier girl leadership development organization and the preeminent expert on girls. For over 100 years, the Organization has prepared girls to successfully face life challenges-from the wilderness to the boardroom-with courage, confidence and character.

Girl Scouts thoroughly researches girls' needs, using the results to develop effective programming, delivered in an all-girl environment. Research finds that Girl Scouts shine above their peers in leadership, academics, career aspirations and hope for the future. Through programs focused on the outdoors; science, technology, engineering and math ("STEM"); life skills and entrepreneurship-Girl Scouts develop a strong sense of self, have positive values, seek challenges and learn from setbacks, develop and maintain healthy relationships and exhibit problem-solving skills.

The Organization is a volunteer-based not-for-profit that welcomes all girls, ages 5 to 17, who accept the Girl Scout Promise and Law. The Organization was established in 1927 and incorporated in April 1928 as Girl Scout Council of San Diego County, a California non-profit corporation. In November 1965, the Organization was renamed Girl Scouts, San Diego-Imperial Council, Inc. to reflect the inclusion of Imperial County.

As of September 30, 2019, the Organization's management reports 23,387 girl members, 9,702 adult members/volunteers, 1,610 lifetime members and 1,920 troops/groups.

From the backyard to the backcountry, Girl Scouts has a long, storied, and successful history of getting girls outdoors. In fact, many Girl Scouts say "camping trips" are one of the best things about their Girl Scout experience. It's true: connecting with nature in a girl-led setting is a big benefit of belonging to Girl Scouts.

Studies show that girls today are not spending nearly enough time outdoors. Technology and structured activities leave less time for girls to get outside and enjoy nature. When girls spend quality time outdoors and increase their exposure to nature, they thrive physically, emotionally, and intellectually.

Four of the five facilities operated by the Organization offer weekly opportunities for girls to create their own outdoor adventures and develop a lifelong appreciation for nature and the out-of-doors at camp or with their troops, friends, or family.

And that's great news—because when Girl Scouts get outside, they:

- Discover that they can better solve problems and overcome challenges;
- Develop leadership skills, build social bonds, and are happier overall; and
- Become team players and care more about protecting our environment.

The Organization operates the following facilities/properties to support its members and volunteers, and provide mission-based programming:

- Balboa Program Center, San Diego (11 acres): headquarters, administrative offices, leadership training center, resource center, store, amphitheater, cabins, lawn for tent camping, climbing tower, archery zone, art center, nature/STEM center, and other activities and programs.

- Escondido Program Center, Escondido (2 acres): administrative offices, store, resource center, lodge, outdoor program space, and other activities and programs.

- North Coastal Program Center, Carlsbad: administrative offices, training center, store, resource center, and other activities and programs.

- Camp Winacka, near Julian (590 acres): resident camp facilities, lodge, cabins, pool, lake, fishing dock, nature center, art center, archery zone, helipad, telescope, garden, horseback riding facilities, and other activities and programs.

- Camp Whispering Oaks, near Julian (55 acres): resident camp facilities, lodge, cabins, art center, high ropes challenge course and zipline, archery zone, recreational field, and other activities and programs.

See Note 6 for specific leased properties.

The Organization operates under an unconditional charter issued by Girl Scouts of the United States of America ("GSUSA"). Girls and adults join GSUSA by paying annual dues of $25 or a lifetime fee of $400. Membership fees collected by the Organization are forwarded to GSUSA. Financial assistance is available for girl and adult members.

Basis of accounting
The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation
The Organization reports information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions. They are described as follows:

Net Assets Without Donor Restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment. No such endowments existed as of September 30, 2019.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income tax status
The Organization is a California not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Sec. 501(c)(3) and California Revenue and Tax Code 23701(d). However, certain operations of the Organization may qualify as unrelated business taxable income and, to the extent that these operations generate income, they will be subject to federal and state taxes. There was no unrelated business income for the Organization for the year ended September 30, 2019.

The Organization's federal and state information returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters as part of management and general expenses and includes accrued interest and penalties in accrued expenses in the statement of financial position. There were no interest or penalties for the year ended September 30, 2019.

Revenue recognition
Camp fees are recognized as revenue in the period in which campers utilize the program services. Fees received in advance are deferred until the service is provided. Revenue from the sale of program-related and fundraising items is recognized upon delivery of the items.

Product revenue consists of cookie sales, merchandise sales and fall product sales. Cookie sales and fall product sales are recognized at the time the products are transferred to the individual troops. There is no right of return by the troops once the products are transferred. Merchandise sales are recognized when they are sold to the customer.

Contributions, including unconditional promises to give, are recognized when received or promised, and are recorded without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions.

Grants that are not accounted for as contributions are recorded as receivables in the period the commitment is made by the grantor and are deemed to be earned and reported as revenue and support when the Organization has expended funds which meet the grant's specific restrictions. Unexpended amounts are classified as deferred revenue in the accompanying financial statements.

Cash and cash equivalents
The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

In-kind contributions
Various individuals and organizations donate significant materials, services and facilities to the Organization. Contributed materials, services and facilities with a fair value of $2,339 at the date of donation for the year ended September 30, 2019 have been included in the accompanying financial statements as with or without donor-restricted support, and expended or capitalized as appropriate.

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Functional allocation of expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, professional services, office expenses, information technology, insurance and other, which are allocated based on an analysis of direct labor dollars associated with program and non-program related functions.

Cost of activities that include fundraising
The Organization accounts for the cost of an activity that includes fundraising costs as fundraising. Provided the criteria is met, costs of a joint activity that are identifiable with a particular function are charged to that function and joint costs are allocated between fundraising and the appropriate program or management and general function. For the year ended September 30, 2019, all costs of activities that included fundraising were reported as fundraising costs.

Investments
The Organization records investment purchases at cost or, if donated, at fair value on the date of donation. Investment return, net is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expense.

Inventory
Inventory consists primarily of items held for resale, including uniforms, supplies, books, camping accessories, Girl Scout badges and patches and various other items. Inventories are carried at the lower of cost or net realizable value.

Custodial funds
Custodial funds consist of amounts collected from individuals to pay annual dues to GSUSA, leadership training, scholarships and start-up funds for new troops.

Split-interest agreement
The Organization is the beneficiary of assets held in one irrevocable split interest agreement administered by GSUSA. The asset of the split-interest agreement is recorded at fair value.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures for property and equipment in excess of $5,000. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Depreciation of building improvements is calculated using the straight-line method over the shorter of the estimated useful lives of the assets or lease terms, as applicable.

Estimated lives for financial reporting purposes are as follows:

Building and building improvements	5 - 45 years
Furniture and equipment	3 - 20 years
Vehicles	3 - 10 years

Construction in progress is included in property and equipment at cost until completion, at which time it is capitalized to its appropriate category and depreciated thereafter. Direct labor costs associated with construction in progress is capitalized as it is incurred.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the year end September 30, 2019.

Deferred rent
Rent expense is recognized on a straight-line basis over the term of the leases. At September 30, 2019, $12,943 is reflected as deferred rent on the statement of financial position, which represents the excess of rent expense computed on a straight-line basis over the minimum lease payments.

Gifts of long-lived assets
The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Impairment of long-lived assets
The Organization reviews its long-lived assets for impairment whenever events or circumstances indicate the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment losses related to long-lived assets for the year ended September 30, 2019.

Endowment and spending policy
The Organization has adopted investment policies for endowment assets that attempt to provide a reasonably predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity and Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Organization 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). The Organization invests its assets in a diversified portfolio of stocks, fixed income securities and mutual funds to balance liquidity, current income and preserving the purchasing power of the assets over time.

The Organization's policy of appropriating for distribution each year is such that it allows for spending or accumulating so much of the appreciation as is prudent, considering preservation of the endowment, purposes of the Organization and endowment fund, general economic conditions, possible effects of inflation or deflation, expected total return from income and appreciation, other resources of the Organization and the investment policy. This policy will enable the Organization to consider the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the proposed spending policy to allow its endowment to grow over time. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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.

Concentrations of credit risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. The Organization has not experienced any losses in such accounts. Such balances may at times exceed the federally insured limits. However, the Organization periodically evaluates the creditworthiness of these institutions to minimize risk.

Unconditional promises to give and accounts receivable are reported at their realizable value, net of an allowance for doubtful accounts. Allowances for accounts and pledges receivable are determined by management based on assessment of their collectability. The allowance is based on the prior years' experience and management's analysis of specific promises made. The Organization believes it is not exposed to any significant credit risk on pledges and accounts receivable.

Commitments and contingencies
The Organization is subject to lawsuits, investigations and claims arising out of the normal conduct of its activities. The Organization believes it has adequate insurance coverage and reserves to provide for claims and related damages that may arise from these matters.

Sales taxes
The State of California imposes a sales tax on certain of the Organization's sales to nonexempt customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

Subsequent events
The Organization has evaluated events and transactions for potential recognition or disclosure through January 17, 2020 which is the date the financial statements were available to be issued.

Note 2 - Liquidity and availability

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

Cash and cash equivalents	$	7,899,067
Accounts receivable, net		59,306
Investments not encumbered by donor or board restrictions, less endowments		12,931,703
Unconditional promises to give		95,218
	$	20,985,294

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. As of September 30, 2019, the Organization does not have any board restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts for general use. Distributions and appropriations that are made from the split-interest agreements that will be available over the next year are included in the table above. Donor-restricted endowment funds are not available for general expenditure. The Organization has a $750,000 line of credit that is available for liquidity if needed.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds when interest rates are favorable to compensating balances that are credited against bank charges. Occasionally, the board designates a portion of any operating surplus to its reserve. However, there were no board designated reserves as of September 30, 2019.

In addition to a budgeting philosophy for budgeting for positive operating income, the Organization has an operating reserve policy to build and maintain an adequate level of unrestricted net assets to support the Organization's day-to-day operations in the event of unforeseen shortfalls.

The target minimum operating reserve is equal to six (6) months of average operating costs sufficient to maintain ongoing operations and programs. The calculation will typically exclude non-recurring expenses. The method of calculating the months of reserves is based on GSUSA guidelines. The GSUSA operating reserve calculation takes into account funds maintained in both the Organization's operational demand accounts, savings accounts and specific investment accounts to hold operating reserves not required for monthly cash management, on an annual basis.

As of September 30, 2019, the operating reserve was 19 months. There are no currently known circumstances that would significantly change this operating reserve amount over the budgeted and forecasted results to September 30, 2020.

Note 3 - Fair value measurements

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value at September 30, 2019 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 55,646	$ -	$ -	$ 55,646
Exchange traded and mutual funds				
US equity	2,840,806	-	-	2,840,806
Non-US equity	2,757,957	-	-	2,757,957
Blended and allocation	893,211	-	-	893,211
Managed Futures	643,003	-	-	643,003
Real estate	1,379,576	-	-	1,379,576
Fixed income	4,633,318	-	-	4,633,318
Beneficial interest in perpetual trust	-	-	167,873	167,873
Total investments	13,203,517	-	167,873	13,371,390
Money market funds included in cash and cash equivalents	4,963,503	-	-	4,963,503
Total	$ 18,167,020	$ -	$ 167,873	$ 18,334,893

Securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 3 assets are valued using the income approach and assumptions about discounted cash flow and other present value techniques. There have been no changes to the Organization's valuation methodologies in the current period.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2019:

Balance, beginning	$	153,416
Change in value of beneficial interest in perpetual trust		14,457
Balance, end	$	167,873

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs for the year ended September 30, 2019:

Instrument	Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Beneficial interest in perpetual trust	$ 167,873	Present value of expected cash flows	Investment yield Discount rate	2.800% 2.120%	N/A

Note 4 - Accounts receivable and unconditional promises to give

The Organization's accounts receivable and unconditional promises to give (pledges) as of September 30, 2019 are summarized as follows:

Accounts receivable	$	98,238
Allowance for uncollectible accounts		(38,932)
Total accounts receivable, net	$	59,306
Unconditional promises to give	$	106,938
Allowance for uncollectible accounts		(11,720)
Total unconditional promises to give, net	$	95,218

Accounts and pledges receivable are not collateralized and are expected to be collected in one year.

Note 5 - Property and equipment

The carrying values of land, buildings and equipment at September 30, 2019 are summarized as follows:

Construction in progress	$ 289,812
Building and improvements	17,969,540
Land and improvements	1,775,960
Office equipment	148,380
Camp equipment	844,436
Vehicles	382,021
Subtotal	21,410,149
Less accumulated depreciation	(10,879,118)
Total property and equipment, net	$ 10,531,031

Depreciation expense totaled $704,554 for the year ended September 30, 2019.

Note 6 - Lease commitments

Operating leases

The Organization leases various equipment and land under noncancelable leases that qualify as operating leases. The leases expire at various times through December 2037.

The Organization has operating leases for the land and equipment as follows:

Balboa Program Center: The Organization leases the land for its main service and program center from the City of San Diego under an agreement expiring on March 31, 2027 (the "Balboa Lease"). The Balboa Lease provides for annual rent in the amount of $1 per year plus a $3,250 annual administrative fee. Under the 2001 renewed lease agreement, the Organization agreed to expend at least $1,900,000 during the first seven years of the lease for capital improvements to the leased premises, exclusive of the normal maintenance expenditures. The Organization expended in excess of this capital requirement. In addition, the lease requires a new general development plan to be submitted every 10 years. The current plan was submitted in 2012. The plan outlines a focus on improving and maintaining the existing structures. The Organization replaced a cabin facility in 2016, with a cost of approximately $1,896,000.

Escondido Program Center: The Organization leases the land for its Escondido program center from the City of Escondido under a 1987 agreement that expires in 2037 (the "Escondido Lease"). The Organization also has the option of renewing the lease for an additional 50 years. No payments are due under the terms of the Escondido Lease. However, under the Escondido Lease, the Organization agreed to construct a headquarters building of approximately 4,000 square feet and related improvements, a park maintenance facility, a parking lot and a trash enclosure. The Organization completed the construction of the building and related improvements in 1988.

Consistent with prior years, the values of the Balboa and Escondido Leases have not been reflected in the accompanying financial statements because objective valuation information is not available due to the unique characteristics and public park locations of the program centers.

Carlsbad: In November 2012, the Organization entered into an operating lease for approximately 6,097 square feet in Carlsbad Commercial Center to be used as a resource center, administrative offices, meeting space, a council store and related facilities. The lease commenced in November 2012, for seven years through October 2019 with escalating rent payments each year. Deferred rent totaled $12,943 at September 30, 2019. The Organization paid $101,098 in rent for this facility for the year ended September 30, 2019. The Organization has negotiated new lease terms through October 2024.

Equipment: In March 2015, the Organization amended and extended its leases for office and copier equipment for a five-year term through March 2020. The Organization entered into two new leases this year. The Organization entered into a lease for phone systems for a three-year term through 2021. The Organization entered into a lease for a postage system for a five and one quarter term through 2023. Total lease expense for the year ended September 30, 2019 was $81,453.

Future minimum operating lease and administrative fee payments for the five years subsequent to September 30, 2019 and thereafter are as follows:

2020	$	226,191
2021		207,017
2022		162,739
2023		156,802
2024		157,397
Thereafter		24,600
	$	934,746

Note 7 - Line of credit

The Organization has a $750,000 line of credit agreement with a financial institution, originally scheduled to expire in September 2017, which has been renewed in February 2019 to expire in May 2020 and is secured by the Organization's personal property. The interest rate is variable, not to fall below 4.0%. The Organization did not take any advances on this line of credit during the year ended September 30, 2019, and the balance is $0 at year end.

Note 8 - Related party transactions

The Organization is chartered by GSUSA. The Organization purchases inventory from GSUSA, of which total purchases amounted to $578,786 for the year ended September 30, 2019. At September 30, 2019, amounts due to this supplier and included in accounts payable were $37,463. During the year ended September 30, 2019, the Organization remitted to GSUSA membership fees of $182,540.

Note 9 - Concentration

The Organization has one major supplier, its cookie baker, who represents approximately 32% of total purchases for the year ended September 30, 2019. The Organization has the ability to purchase cookies from other bakers, but is contracted to purchase from its current supplier through the 2021 cookie season. At September 30, 2019, there was approximately $2,257 due to this supplier.

The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Organization had $2,812,120 of cash and cash equivalent balances in excess of federally insured limits as of September 30, 2019.

Note 10 - Beneficial interests in perpetual trust

In 1972, the Organization received a beneficial interest in the Llewellyn irrevocable perpetual split-interest charitable remainder trust administered by a third-party trustee. In 2001, the original trust was split into four separate wholly charitable trusts and was granted exempt private foundation status.

Accordingly, the Organization is entitled to receive annual distributions of the greater of (a) 33.333% of the related account's income or (b) a 5% private foundation minimum distribution amount, as required.

The fair value of the assets to be received under the agreement, discounted for the estimated time until receipt, has been recorded in beneficial interest in perpetual trust and in net assets with donor restrictions. The current period change in valuation of the Organization's interest in the trust is included in net assets with donor restrictions on the statement of activities.

Distributions from the trust to the Organization are unrestricted and the trust document does not provide the trustee with variance powers.

Note 11 - Endowments

Interpretation and relevant law

The Organization's endowment includes donor-restricted endowment funds. 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, and the Board of Directors has the ability to release restrictions.

The Organization has interpreted the State of California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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, the Organization has classified as net assets with donor restrictions (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. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund

b. The purpose of the Organization and the donor-restricted endowment fund

c. General economic conditions

d. The possible effects of inflation and deflation

e. The expected total return from income and the appreciation of investments

f. Other resources of the Organization

g. The Organization's investment policy

Endowment net asset composition by type of fund as of September 30, 2019 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds	$ -	$ 271,814	$ 271,814
Total	$ -	$ 271,814	$ 271,814

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of period	$ -	$ 278,158	$ 278,158
Net investment income	-	10,651	10,651
Net appreciation (realized and unrealized)	-	(4,152)	(4,152)
Amounts appropriated for disbursement, net	-	(12,843)	(12,843)
Endowment net assets, end of period	$ -	$ 271,814	$ 271,814

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. The Organization had no endowments that were underwater as of September 30, 2019.

Note 12 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2019:

Subject to expenditure for specific purpose		
Community outreach programs	$	26,048
Camperships		11,220
Financial assistance for girls/troops		1,175
Health, wellness and environmental awareness		400
Property and facilities		247,500
Science and technology (STEM)		81,075
Other programs		1,400
		368,818
Subject to the passage of time		
For periods after September 30, 2019		171,096
Amounts subject to the Organization's spending policy and appropriation		
Beneficial interest in perpetual trust		167,873
Endowments in perpetuity		175,166
		343,039
	$	882,953

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended September 30, 2019:

Purpose or period restrictions accomplished:		
Community outreach programs	$	44,052
Camperships		28,357
Financial assistance for girls/troops		8,140
Health, wellness and environmental awareness		17,681
Property and facilities		12,675
Science and technology (STEM)		30,011
Arts initiative program		974
Net assets released from restrictions	$	141,890

Note 13 - Employee benefit plans

Defined benefit plan

The Organization participates in the National Girl Scout Council Retirement Plan ("NGSCRP"), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of 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.

Although net plan assets grew during the period, net plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2019. Based on the April 18, 2014 conditional approval by the Internal Revenue Service, all existing amortization bases in the plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, $30,000,000 is remitted. The $30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 ("PPA"). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRP the flexibility to adopt the funding requirements immediately or not at all. NGSCRP has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2018 and 2019 were $32.4 and $32.2 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2020 are expected to be $32.2 million.

The Organization's pension expense and contributions to the plan for the year ended September 30, 2019 were $328,768. GSUSA has estimated the Organization's payment for the year ended September 30, 2020 is expected to be $335,796. Estimated payments for years beyond 2019 are expected to be consistent based on 2020 levels for eight years totaling $2,098,725. All future required payments may change due to market conditions, interest rates and other factors.

Government regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Organization does not anticipate withdrawal from the plan, nor is the Organization aware of any expected terminations.

125 cafeteria plan
The Organization also maintains an employee benefit plan qualifying under Internal Revenue Code 125, covering substantially all employees who meet the plan's eligibility requirements. Under the plan, certain employee benefits may be provided on a pre-tax basis to employees electing to participate in the plan.

403(b) contribution plan
The Organization maintains a defined contribution 403(b) plan covering substantially all employees who meet the plan's eligibility requirements. Under the plan, voluntary contributions may be made by participants under Section 403(b) of the Internal Revenue Code. Organization contributions may be made at the discretion of the Organization's Board of Directors. The Organization made contributions of $38,073 to the plan for the year ended September 30, 2019.

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