
GIRL SCOUTS OF COLORADO

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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Independent Auditors' Report

Board of Directors
Girl Scouts of Colorado
Denver, Colorado

Report On Financial Statements

We have audited the accompanying financial statements of Girl Scouts of Colorado, which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Emphasis Of A Matter: Change In Accounting Principle

As discussed in Note 2 to the financial statements, in 2021, Girl Scouts of Colorado adopted the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Colorado as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

January 21, 2022

GIRL SCOUTS OF COLORADO

STATEMENT OF FINANCIAL POSITION
September 30, 2021 And 2020

	2021	2020
Cash and cash equivalents	\$ 17,224,007	\$ 7,056,853
Accounts receivable	47,500	23,171
ERTC receivable	794,200	—
Promises to give	45,875	21,875
Prepaid expenses	125,703	164,136
Inventory	196,207	162,639
Investments	10,928	10,925
Property held for sale	—	9,603,000
Property and equipment, less accumulated depreciation	2,973,601	3,150,184
Beneficial interests in perpetual trusts	251,295	233,689
Beneficial interests in assets held by others	13,148,013	10,950,117
Total Assets	\$ 34,817,329	\$ 31,376,589

Liabilities And Net Assets

Liabilities		
Accounts payable	\$ 248,876	\$ 289,615
Accrued expenses	1,191,481	1,240,395
PPP loan	1,689,269	1,248,127
Deferred revenue	213,754	176,098
Total Liabilities	3,343,380	2,954,235
Net Assets		
Without donor restrictions	29,790,425	27,092,570
With donor restrictions	1,683,524	1,329,784
Total Net Assets	31,473,949	28,422,354
Total Liabilities And Net Assets	\$ 34,817,329	\$ 31,376,589

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues And Support			
Product sales:	\$ 16,284,519	\$ —	\$ 16,284,519
Cost of sales	(4,889,839)	—	(4,889,839)
Troop proceeds	(3,688,167)	—	(3,688,167)
Net Product Sales	7,706,513	—	7,706,513
Sales of merchandise:	430,328	—	430,328
Cost of sales	(207,890)	—	(207,890)
Net Merchandise Sales	222,438	—	222,438
Special events:	234,478	—	234,478
Less direct expenses	(70,836)	—	(70,836)
Net Special Events	163,642	—	163,642
Camp and program service fees	976,640	—	976,640
Contributions and grants	972,650	215,610	1,188,260
Net assets released from restrictions	56,698	(56,698)	—
Total Revenues And Support	10,098,581	158,912	10,257,493
Expenses			
Services to troops and girls	8,168,574	—	8,168,574
Council events and camps	1,598,440	—	1,598,440
Management and general	1,419,017	—	1,419,017
Development and fundraising	622,914	—	622,914
Total Expenses	11,808,945	—	11,808,945
Change In Net Assets From Operations	(1,710,364)	158,912	(1,551,452)
Nonoperating Activities			
Change in value of beneficial interests in assets held by others	1,620,950	165,949	1,786,899
Change in value of beneficial interests in perpetual trusts	—	28,879	28,879
Investment income	3,413	—	3,413
National Girl Scouts defined benefit retirement obligation	(561,194)	—	(561,194)
Gain on sale of property held for sale	1,290,298	—	1,290,298
Gain on extinguishment of PPP loan	1,248,127	—	1,248,127
ERTC income	794,200	—	794,200
Other income	12,425	—	12,425
Total Nonoperating Activities	4,408,219	194,828	4,603,047
Change In Net Assets	2,697,855	353,740	3,051,595
Net Assets, Beginning Of Year	27,092,570	1,329,784	28,422,354
Net Assets, End Of Year	\$ 29,790,425	\$ 1,683,524	\$ 31,473,949

GIRL SCOUTS OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues And Support			
Product sales:	\$ 20,749,214	\$ —	\$ 20,749,214
Cost of sales	(5,740,663)	—	(5,740,663)
Troop proceeds	(4,568,728)	—	(4,568,728)
Net Product Sales	10,439,823	—	10,439,823
Sales of merchandise:	482,884	—	482,884
Cost of sales	(219,023)	—	(219,023)
Net Merchandise Sales	263,861	—	263,861
Special events:	204,039	—	204,039
Less direct expenses	(72,487)	—	(72,487)
Net Special Events	131,552	—	131,552
Camp and program service fees	145,860	—	145,860
Contributions and grants	759,688	79,275	838,963
Net assets released from restrictions	121,881	(121,881)	—
Total Revenues And Support	11,862,665	(42,606)	11,820,059
Expenses			
Services to troops and girls	7,992,139	—	7,992,139
Council events and camps	1,124,872	—	1,124,872
Management and general	1,818,862	—	1,818,862
Development and fundraising	600,574	—	600,574
Total Expenses	11,536,447	—	11,536,447
Change In Net Assets From Operations	326,218	(42,606)	283,612
Nonoperating Activities			
Change in value of beneficial interests in assets held by others	608,497	64,382	672,879
Change in value of beneficial interests in perpetual trusts	—	(65)	(65)
Investment income	94,790	—	94,790
National Girl Scouts defined benefit retirement obligation	(644,528)	—	(644,528)
Gain on sale of property and equipment	8,540	—	8,540
Other income	36,475	—	36,475
Total Nonoperating Activities	103,774	64,317	168,091
Change In Net Assets	429,992	21,711	451,703
Net Assets, Beginning Of Year	26,662,578	1,308,073	27,970,651
Net Assets, End Of Year	\$ 27,092,570	\$ 1,329,784	\$ 28,422,354

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2021

	Services To Troops And Girls	Council Events And Camps	Total Program Services	Management And General	Development And Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 5,474,748	\$ 1,014,362	\$ 6,489,110	\$ 879,120	\$ 473,765	\$ 1,352,885	\$ 7,841,995
Supplies and consumables	287,093	389,081	676,174	42,582	122,318	164,900	841,074
Product costs	4,889,839	—	4,889,839	—	—	—	4,889,839
Troop proceeds	3,688,167	—	3,688,167	—	—	—	3,688,167
Merchandise cost of sales	207,890	—	207,890	—	—	—	207,890
Grants and assistance to girls and troops	82,874	—	82,874	—	—	—	82,874
Occupancy	881,869	8,840	890,709	47,832	28,212	76,044	966,753
Professional services	203,656	—	203,656	182,474	5,739	188,213	391,869
Information technologies	304,645	69,081	373,726	54,130	3,606	57,736	431,462
Travel	119,119	41,464	160,583	3,460	2,925	6,385	166,968
Depreciation	268,535	4,712	273,247	31,642	18,426	50,068	323,315
Other	546,035	70,900	616,935	177,777	38,759	216,536	833,471
Total Expenses	16,954,470	1,598,440	18,552,910	1,419,017	693,750	2,112,767	20,665,677
Expenses netted against revenue:							
Costs of product sales	(4,889,839)	—	(4,889,839)	—	—	—	(4,889,839)
Troop proceeds	(3,688,167)	—	(3,688,167)	—	—	—	(3,688,167)
Cost of merchandise sales	(207,890)	—	(207,890)	—	—	—	(207,890)
Special events direct costs	—	—	—	—	(70,836)	(70,836)	(70,836)
Net Expenses	\$ 8,168,574	\$ 1,598,440	\$ 9,767,014	\$ 1,419,017	\$ 622,914	\$ 2,041,931	\$ 11,808,945
Percentage of total expenses	69%	14%	83%	12%	5%	17%	100%

GIRL SCOUTS OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2020

	Services To Troops And Girls	Council Events And Camps	Total Program Services	Management And General	Development And Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 5,562,981	\$ 731,405	\$ 6,294,386	\$ 1,248,836	\$ 428,593	\$ 1,677,429	\$ 7,971,815
Supplies and consumables	294,658	286,342	581,000	52,742	67,978	120,720	701,720
Product costs	5,740,663	—	5,740,663	—	—	—	5,740,663
Troop proceeds	4,568,728	—	4,568,728	—	—	—	4,568,728
Merchandise cost of sales	219,023	—	219,023	—	—	—	219,023
Grants and assistance to girls and troops	174,307	43	174,350	3,410	—	3,410	177,760
Occupancy	793,925	7,995	801,920	53,980	32,292	86,272	888,192
Professional services	80,914	—	80,914	187,263	3,500	190,763	271,677
Information technologies	187,881	59,870	247,751	16,730	5,654	22,384	270,135
Travel	139,252	14,230	153,482	9,589	2,436	12,025	165,507
Depreciation	243,286	4,269	247,555	28,667	16,693	45,360	292,915
Other	514,935	20,718	535,653	217,645	115,915	333,560	869,213
Total Expenses	18,520,553	1,124,872	19,645,425	1,818,862	673,061	2,491,923	22,137,348
Expenses netted against revenue:							
Costs of product sales	(5,740,663)	—	(5,740,663)	—	—	—	(5,740,663)
Troop proceeds	(4,568,728)	—	(4,568,728)	—	—	—	(4,568,728)
Cost of merchandise sales	(219,023)	—	(219,023)	—	—	—	(219,023)
Special events direct costs	—	—	—	—	(72,487)	(72,487)	(72,487)
Net Expenses	\$ 7,992,139	\$ 1,124,872	\$ 9,117,011	\$ 1,818,862	\$ 600,574	\$ 2,419,436	\$ 11,536,447
Percentage of total expenses	69%	10%	79%	16%	5%	21%	100%

GIRL SCOUTS OF COLORADO

STATEMENT OF CASH FLOWS For The Years Ended September 30, 2021 And 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 3,051,595	\$ 451,703
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	323,315	292,915
Gain on sale of property held for sale and property and equipment	(1,290,298)	(8,540)
Gain on extinguishment of PPP loan	(1,248,127)	—
Realized and unrealized gains on investments	—	(81,955)
Change in value of beneficial interests in perpetual trusts	(28,879)	65
Change in value of beneficial interests in assets held by others	(1,786,899)	(672,879)
Contributions received for endowment	(14,170)	(26,488)
Contributions received for capital outlays	(945)	(2,785)
Changes in assets and liabilities:		
Accounts receivable	(24,329)	(23,171)
ERTC receivable	(794,200)	—
Promises to give	(24,000)	7,377
Prepaid expenses	38,433	(64,327)
Inventory	(33,568)	11,967
Accounts payable	(40,739)	(27,670)
Accrued expenses	(48,914)	450,074
Deferred revenue	37,656	(108,668)
Net Cash Provided By (Used In) Operating Activities	(1,884,069)	197,618
Cash Flows From Investing Activities		
Purchase of property and equipment	(146,732)	(279,326)
Proceeds from liquidation of perpetual trust	11,273	—
Purchases of investments	(3)	—
Sales of investments	—	394,588
Contributions to beneficial interests	(431,225)	(143,420)
Distributions from beneficial interests in assets held by others	20,228	23,831
Proceeds from sale of property and equipment	10,893,298	17,000
Net Cash Provided By Investing Activities	10,346,839	12,673
Cash Flows From Financing Activities		
PPP loan proceeds	1,689,269	1,248,127
Proceeds from contributions received for endowment	14,170	26,488
Proceeds from contributions received for capital outlays	945	2,785
Net Cash Provided By Financing Activities	1,704,384	1,277,400
Net Increase In Cash And Cash Equivalents	10,167,154	1,487,691
Cash And Cash Equivalents, Beginning Of Year	7,056,853	5,569,162
Cash And Cash Equivalents, End Of Year	\$ 17,224,007	\$ 7,056,853

GIRL SCOUTS OF COLORADO
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 And 2020

1. Operations

Program - Membership And Services To Troops

Research shows girls learn best in an all-girl, girl-led and girl-friendly environment like Girl Scouts of Colorado (Girl Scouts). Girl Scouts strives to provide a safe, no-limits place, designed specifically with her in mind, where she practices different skills, explores her potential and takes on leadership positions.

The Girl Scouts program is a girl-led leadership experience where girls discover, connect and take action through badge-earning, civic engagement, outdoor experiences and travel. It is a life-long leadership journey that progresses as girls grow. Through the Girl Scout Leadership Experience, the girls in Girl Scouts are developing leadership skills through everyday actions big and small across the four program pillars: Science, Technology, Engineering and Math; Outdoor; Life Skills and Entrepreneurship.

Participating in Girl Scouts is proven to help girls thrive in five key ways as they:

- Develop a strong sense of self
- Display positive values
- Seek challenges and learn from setbacks
- Form and maintain healthy relationships and
- Identify and solve problems in the community

Girl Scouts helps girls prepare themselves for a lifetime of leadership and achieve these outcomes through events and activities held across the state, outdoor programs, highest awards programs, outreach programs and volunteer training.

Nature Of Operations

Girl Scouts is chartered by Girl Scouts of the United States of America (GSUSA) to provide Girl Scouting to all the girls in the State of Colorado. Girl Scouts is dedicated to providing a premier leadership opportunity for building girls of courage, confidence and character who make the world a better place. Girl Scouts' revenues and other support are derived principally from contributions, product program and merchandise sales, camp and program service fees and investment income.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) emerged and subsequently spread worldwide. The World Health Organization declared COVID-19 a pandemic, resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories and quarantining of people who may have been exposed to the virus. The spread of COVID-19 has caused significant volatility in the U.S. and international markets. Girl Scouts continues to monitor developments, including government requirements and recommendations at the national, state and local level.

All resident camp programs were impacted by COVID-19, as state requirements restricted the overall capacity to 55% of Girl Scouts' typical numbers. Smaller group sizes and required increased distance between individuals for sleeping were safety precautions put into place that impacted the number of campers Girl Scouts could serve. The state requirements also applied to troop camps and property reservations. Girl Scouts shifted to day program offerings in place of overnight troop camps, and property reservations were limited to smaller groups that agreed to comply with the state guidelines. Financially, Girl Scouts was impacted by all of these programmatic changes, as due to health and safety precautions, Girl Scouts was required to limit the size of groups.

In addition to the resident camp programs, Girl Scouts' membership was negatively impacted. This reduction in membership and the inability to have typical cookie program booths available resulted in an approximate 22% decline in cookie program sales.

It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic as the situation continues to evolve. Girl Scouts plans to resume normal operations within governmental guidelines.

2. Summary Of Significant Accounting Policies

Basis Of Presentation

Financial statement presentation follows generally accepted accounting principles (GAAP) for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, Girl Scouts is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Basis Of Accounting

The financial statements of Girl Scouts have been prepared on the accrual basis of accounting.

New Accounting Standard Implementation

Effective October 1, 2020, Girl Scouts adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which clarifies the principles for recognizing revenue and develops a common revenue standard. ASU 2014-09 requires new disclosures about contracts with customers, significant judgements in determining the satisfaction of performance obligations in contracts and assets recognized from costs to obtain or fulfill contracts. Following the adoption of ASU 2014-09, Girl Scouts continues to recognize revenue from programs and special events at the point in time the programs and special events occur. All revenues collected in advance are deferred until the event occurs. There was no material impact on the financial statements as a result of the adoption of ASU 2014-09, and the ASU has been applied retrospectively to all prior periods, with no effect on net assets or previously issued financial statements.

Cash And Cash Equivalents

Girl Scouts considers all highly liquid, short-term investments with original maturities of three months or less, which are available for Girl Scouts' operating needs, to be cash equivalents.

Girl Scouts invests its excess cash with financial institutions with strong credit ratings and has established guidelines related to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of Federal Deposit Insurance Corporation insurance amounts of \$250,000 per financial institution.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

At September 30, 2021, Girl Scouts' cash accounts exceeded federally insured limits by approximately \$16,540,000.

Inventory

Inventories are stated at cost. Inventories consist of merchandise that is available to girls, volunteers and parents through Girl Scouts' retail store, events and at camp. The merchandise is used to further the Girl Scout program.

Investments And Investment Return

Investments in mutual funds having a readily determinable fair value are carried at fair value. The basis for determining fair value is described in Note 14. Investment income includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification method.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of financial position.

Investment income is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property And Equipment

Property and equipment is recorded at cost or, if donated, at the approximate fair value of the donation less accumulated depreciation. Depreciation is charged to expense using the straight-line method over estimated useful lives ranging from 3 to 40 years. Girl Scouts capitalizes all fixed asset purchases over \$2,500 with an estimated useful life greater than 1 year. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is included in the statements of activities.

Property and equipment purchased with donor-restricted contributions or received as a gift is considered with donor restrictions. The restriction is released when the property and equipment is placed in service.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Girl Scouts reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. No impairment loss has been recognized in the years ended September 30, 2021 or 2020.

PPP Loan

At September 30, 2021, Girl Scouts has a loan that is part of the Paycheck Protection Program (the PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and administered by the U.S. Small Business Administration (the SBA). In accordance with the requirements of the CARES Act, Girl Scouts expects to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. Girl Scouts considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. Girl Scouts will not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been legally released or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, Girl Scouts will reduce the liability by the amount forgiven and record a gain on extinguishment.

Girl Scouts has applied for forgiveness of all principal and interest. As of the report date, no assurance can be given that Girl Scouts will obtain forgiveness for all or any portion of the amount due.

At September 30, 2020, Girl Scouts had another PPP loan. That loan was subsequently forgiven in 2021. See Note 17 for additional information.

Contributions And Grants

Contributions and grants, including unconditional promises to give due in future periods, are recognized as support in the period received. Conditional promises to give, that is, those with measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the promise to give. Allowances for uncollectible promises to give are provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance was deemed necessary at September 30, 2021 or 2020.

Contributed Goods And Services

Contributions of services are recognized as revenue at their estimated fair values only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. Contribution revenue and a corresponding expense recognized from contributed administrative services and legal fees were \$48,158 and \$37,164 for the years ended September 30, 2021 and 2020, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist Girl Scouts with specific assistance programs and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under GAAP.

Girl Scouts also receives contributions of goods and use of facilities from various donors, which are recorded as contribution revenue and a corresponding expense at fair value as of the date of donation.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Revenue Recognition

Revenue from camp and program services and special event fees are deferred and recognized over the periods in which the events and programs occur. The transaction price is allocated to each event or service sold and is the amount of consideration to which Girl Scouts expects to be entitled in exchange for transferring services to the customer. All revenue is recognized at the point in time in which the services are provided to the customer, and each service represents a single performance obligation. Sales discounts are included in the related net revenues, if applicable, and are not material. Deferred revenue consists of special event ticket sales and fees for camp programs occurring in the next year. Product sales revenue for the fall product program sale and the cookie program activity is presented as gross sales less the related costs of sales and proceeds retained by the troops. Special event revenue is presented as gross revenues from special events less the costs directly related to the event. Revenue from sales of merchandise are presented as gross revenues from merchandise sales less the costs of sales. No consideration is variable as there are no price changes for volume purchasing and any increases or decreases in services are at stand-alone selling prices of those goods or services.

Operating And Nonoperating Activity

Operating results in the statement of activities reflect all transactions except those items associated with the defined benefit retirement plan, investments and beneficial interests, gains on sales of property and equipment and property held for sale, gain on extinguishment of PPP loan, Employee Retention Tax Credit (the ERTC) income and other income.

Net Assets

Net assets, revenues and support, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated fund.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

- *Net Assets With Donor Restrictions* - Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Allocation Of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method Of Allocation</u>
Salaries and benefits	Time and effort
Supplies and consumables	Time and effort
Occupancy	Square footage
Professional services	Full-time equivalent
Information technologies	Full-time equivalent
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Tax Status

Girl Scouts is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Girl Scouts is subject to federal and state income tax on any unrelated business taxable income.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

Use Of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Legal Contingencies

Girl Scouts is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of Girl Scouts.

Subsequent Events

Management evaluates subsequent events through the date that the financial statements are available for issue, which is the date of the Independent Auditors' Report.

3. Availability Of Financial Assets And Liquidity

The following represents Girl Scouts' financial assets available for general expenditures within one year at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 17,224,007	\$ 7,056,853
Accounts receivable	47,500	23,171
ERTC receivable	794,200	—
Promises to give	45,875	21,875
Investments	10,928	10,925
Total Financial Assets	18,122,510	7,112,824
Less amounts not available to be used within one year:		
Purpose restricted net assets	174,609	40,533
Long-term promises to give	3,500	—
Restricted cash	38,647	25,594
Financial Assets Available To Meet General Expenditures Over The Next 12 Months	\$ 17,905,754	\$ 7,046,697

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

As of September 30, 2021 and 2020, Girl Scouts had \$17,905,754 and \$7,046,697, respectively, in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date.

In addition to the items above, as noted in Note 5, Girl Scouts maintains a board-designated fund at Rose Community Foundation and is able to access such funds to help meet operating expenses. At September 30, 2021 and 2020, the board-designated fund had a balance of \$11,936,268 and \$9,916,430, respectively (Note 6).

In addition, Girl Scouts has a \$3,000,000 line of credit available from February 1 through April 30 and a \$1,000,000 line of credit available from May 1 through January 31 to meet cash flow needs. The line of credit is unsecured, carries an interest rate at the bank's index rate (3.25% at September 30, 2021) and matures in March 2023. As of September 30, 2021 and 2020, there is \$1,000,000 available under the line of credit.

4. Promises To Give

Promises to give consist of:

	<u>2021</u>	<u>2020</u>
United Way of Weld County	\$ 5,000	\$ 5,000
United Way of Mesa County	1,875	1,875
Anschutz	25,000	—
Amazon STEM	14,000	—
Other	—	15,000
	<u>\$ 45,875</u>	<u>\$ 21,875</u>

Promises to give are collectible as follows:

	<u>2021</u>	<u>2020</u>
Pledges due in less than one year	\$ 42,375	\$ 21,875
Pledges due in 1 - 5 years	3,500	—
	<u>\$ 45,875</u>	<u>\$ 21,875</u>

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

5. Beneficial Interests In Assets Held By Others

Girl Scouts has transferred assets to Rose Community Foundation and the Community First Foundation (the Funds) and retained a beneficial interest in those assets. With both foundations, Girl Scouts has granted variance power to the Funds, which allows the Funds to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Funds' Boards of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of Girl Scouts.

In accordance with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the transfers were not considered to be contributions from Girl Scouts to the foundations, but rather were accounted for as reciprocal transfers between Girl Scouts and the foundations. Therefore, the amount held at the foundations totaling \$13,148,013 and \$10,950,117 at September 30, 2021 and 2020, respectively, is reflected in the statement of financial position as beneficial interests in assets held by others. These amounts include both board-designated funds (Note 6) and net assets with donor restrictions.

Distributions of the Funds' assets are restricted for various purposes.

At September 30, 2020, Girl Scouts was also the beneficiary of three perpetual trusts. One trust was liquidated during the year ended September 30, 2021. Girl Scouts records these trusts at fair market value in the amount of split interest as designated by the donors, ranging from 5% to 25%. The fair value of these assets at September 30, 2021 and 2020 was \$251,295 and \$233,689, respectively.

6. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 14,880,556	\$ 4,422,956
Board-designated fund	11,936,268	9,916,430
Land, property and equipment	2,973,601	12,753,184
	<u>\$ 29,790,425</u>	<u>\$ 27,092,570</u>

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

The board-designated fund consists of amounts held at Rose Community Foundation as described in Notes 3 and 5.

During 2021, the changes in the board-designated fund consisted of \$400,161 in contributions and investment income of \$1,619,677. There were no distributions for operations or other specific purposes from the board-designated fund in 2021.

During 2020, the changes in the board-designated fund consisted of \$111,102 in contributions and investment income of \$615,253. There were no distributions for operations or other specific purposes from the board-designated fund in 2020.

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Time Restricted		
Unconditional promises to give	\$ 45,875	\$ 21,875
Purpose Restricted		
Endowed funds income available for expenditure	240,293	120,789
Capital outlay	171,313	146,413
Activities in Routt County	32,768	13,284
Other:		
Sisterhood of Support	60,000	—
AT&T STEM patch program	25,000	—
Union Pacific Foundation	12,500	—
Debbie Haskins	12,180	—
Johnson and Johnson	9,565	—
Girls Love State Parks	7,090	—
Other	48,274	40,533
Total Other	174,609	40,533
Total Purpose Restricted	618,983	321,019
Beneficial Interests In Perpetual Trusts	251,295	233,689
Endowed Funds, The Income Of Which Is Available To Support:		
Disabled campership	5,000	5,000
Capital replacement	120,954	115,456
Traveling leaders	105,595	99,208
Camp programs	86,535	86,535
Denver Metro outreach	300,000	300,000
Stephanie A. Foote Leadership Prize	56,175	54,925
Girl Scouts Adventure Fund	25,090	25,090
Camping scholarships	26,845	25,810
Doris M. Knudsen Sterling	41,177	41,177
Total Endowed Funds	767,371	753,201
	\$ 1,683,524	\$ 1,329,784

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Endowment earnings appropriated	\$ 19,450	\$ 27,541
Time restrictions accomplished	21,875	29,252
Liquidation of perpetual trust	11,273	—
<u>Purpose restrictions accomplished</u>	<u>4,100</u>	<u>65,088</u>
	<u>\$ 56,698</u>	<u>\$ 121,881</u>

7. Endowment

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Girl Scouts' endowment includes only endowment funds with donor restrictions.

Girl Scouts' governing body has interpreted the State of Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, Girl Scouts retains in perpetuity: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the 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 endowment funds with donor restrictions is classified as purpose restricted and is appropriated for expenditure by Girl Scouts in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Girl Scouts considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

1. Duration and preservation of the fund
2. Purposes of Girl Scouts and the endowment funds with donor restrictions
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Girl Scouts
7. Investment policies of Girl Scouts

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

At September 30, 2021 and 2020, the following is Girl Scouts' endowment investments by type of fund:

	<u>With Donor Restrictions</u>		
	<u>Earnings</u>	<u>Principal</u>	<u>Total</u>
<u>2021 donor-restricted funds</u>	<u>\$ 240,293</u>	<u>\$ 767,371</u>	<u>\$ 1,007,664</u>

	<u>With Donor Restrictions</u>		
	<u>Earnings</u>	<u>Principal</u>	<u>Total</u>
<u>2020 donor-restricted funds</u>	<u>\$ 120,789</u>	<u>\$ 753,201</u>	<u>\$ 873,990</u>

Changes in endowment investments for the years ended September 30 are as follows:

	<u>With Donor Restrictions</u>		
	<u>Earnings</u>	<u>Principal</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 120,789	\$ 753,201	\$ 873,990
Net investment return	138,954	—	138,954
Contributions	—	14,170	14,170
Appropriations	(19,450)	—	(19,450)

Endowment Net Assets, September 30, 2021	\$ 240,293	\$ 767,371	\$ 1,007,664
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	<u>With Donor Restrictions</u>		
	<u>Earnings</u>	<u>Principal</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 67,259	\$ 753,487	\$ 820,746
Reclassification	26,774	(26,774)	—
Net investment return	54,297	—	54,297
Contributions	—	26,488	26,488
Appropriations	(27,541)	—	(27,541)

Endowment Net Assets, September 30, 2020	\$ 120,789	\$ 753,201	\$ 873,990
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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). Girl Scouts has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. No such deficiencies existed at September 30, 2021 or 2020.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Girl Scouts has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under Girl Scouts' policies, endowment assets are invested in a manner that seeks to obtain the best possible yield on its investments, which is consistent with its goals of preserving principal and maintaining liquidity.

To satisfy its long-term rate of return objectives, Girl Scouts relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Girl Scouts targets a diversified asset allocation that consists of permitted income investments, equity investments and other investments as determined appropriate by Girl Scouts' asset allocation formula.

The funds may make distributions annually, provided that the aggregate amount of all such distributions during the calendar year does not exceed five percent of average net fair market value for such year, from the funds for the benefit of Girl Scouts. For all other endowment funds, Girl Scouts has the policy of appropriating for distribution any net investment income earned by the funds to be expended in accordance with the individual donor restrictions of each fund. In establishing the distribution policy, Girl Scouts considered the long-term expected return on its endowment. This is consistent with Girl Scouts' objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional real growth through new gifts.

8. Property And Equipment

Property and equipment consists of:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 1,106,473	\$ 1,106,473
Buildings and improvements	4,612,880	4,592,626
Furniture, equipment and vehicles	2,925,559	2,894,288
Construction in progress	177,674	82,467
	<u>8,822,586</u>	<u>8,675,854</u>
Less accumulated depreciation	<u>(5,848,985)</u>	<u>(5,525,670)</u>
	<u>\$ 2,973,601</u>	<u>\$ 3,150,184</u>

Depreciation expense was \$323,315 and \$292,915 for the years ended September 30, 2021 and 2020, respectively.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

During 2016, Girl Scouts entered into an agreement with another not-for-profit organization to build a facility on the Tomahawk Ranch property. Per the terms of the agreement, Girl Scouts received \$180,000 from the not-for-profit organization to cover partial costs of the facility, which the other not-for-profit organization will be allowed to use when not being used by Girl Scouts. In the event Girl Scouts terminates the agreement, Girl Scouts will be required to pay \$152 for every month left on the 99-year agreement. At September 30, 2021 and 2020, the deferred revenue related to this agreement was \$170,000 and \$171,818, respectively.

9. Property Held For Sale

At September 30, 2020, property held for sale consisted of Magic Sky Camp. The net book value of this asset as of the date it was advertised for sale was the amount initially reflected as property held for sale on the statement of financial position. As of September 30, 2018, management reviewed the asset's fair market value less the estimated cost of sale associated with the asset, following the guidance under FASB ASC 360-45, *Long-Lived Assets Classified as Held and Used*, and it was determined to be \$9,603,000. There was no impairment recognized on the asset's fair market value for the year ended September 30, 2020.

On September 29, 2021, Girl Scouts sold Magic Sky Camp for \$10,893,298 and recognized a gain of \$1,290,298 in the year ended September 30, 2021.

10. Promotional Rewards

Girl Scouts issues promotional rewards to girls as an incentive for selling cookies. These promotional rewards may only be used for Girl Scouts-related products. Beginning in 2013, Girl Scouts changed its policy regarding promotional rewards allowing them to have an expiration date 10 years after issuance. Prior to 2013, the promotional rewards expired after one year. Management developed an estimate for the liability of outstanding promotional rewards based on previous years' redemption rates. The promotional rewards liability was \$604,779 and \$711,186 as of September 30, 2021 and 2020, respectively, and is included in accrued expenses on the statement of financial position.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

11. Operating Leases

Rent expense, which is included in occupancy expense on the statements of functional expenses, primarily relates to leases for office space, copiers and printers. Total rent expense for the years ended September 30, 2021 and 2020 was \$365,479 and \$326,072, respectively. Future minimum lease payments under noncancellable operating leases that have remaining terms in excess of one year are as follows at September 30, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 306,411
2023	290,601
2024	260,665
2025	21,151
<u>Total</u>	<u>\$ 878,828</u>

12. Pension And Other Postretirement Benefit Plans

Defined Contribution Plan

Girl Scouts has a 403(b) defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Girl Scouts' contributions to the plan. The contribution approved was 2% for the years ended September 30, 2021 and 2020. Pension expense was \$57,809 and \$64,153 for the years ended September 30, 2021 and 2020, respectively.

Defined Benefit Plan

Girl Scouts participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA voted to freeze NGSCR to new entrants and to freeze future benefit accruals for all current participants under NGSCR effective July 31, 2010. NGSCR covers substantially all of the employees of various Girl Scout councils who were eligible to participate in NGSCR prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2021. Based on the April 18, 2014 conditional approval by the 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 2021, the funded status of the plan increased, and the \$30,000,000 minimum will no longer apply. In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRП the flexibility to adopt the PPA funding requirements immediately or not at all. NGSCRП has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of GSUSA approved to lower the contributions from \$30,000,000 to \$26,000,000 starting in calendar year 2023 until the plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2020 and 2021 were \$32,200,000 and \$32,900,000, respectively. Aggregate contributions to be made in fiscal 2022 are expected to be \$32,200,000.

For the years ended September 30, 2021 and 2020, the total actuarial required payments and actual payments made by Girl Scouts were \$561,194 and \$644,528, respectively. The future costs associated with funding this unfunded liability will be subject to market conditions and accrued actuarial evaluations.

13. Troop/Group Fund Accounts

Bank accounts for each troop/group are established under Girl Scouts' tax identification number. All funds are maintained for the beneficial interest of the girls within the respective troop/group. These funds are not under the financial control of Girl Scouts and have not been included in the financial statements.

14. Disclosures About Fair Value Of Assets And Liabilities

ASC Topic 820, *Fair Value Measurements* (Topic 820), defines fair value as 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. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities consist of a bond fund. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and these securities are classified within Level 2 of the valuation hierarchy.

Beneficial Interests In Assets Held By Others

The carrying amounts of financial assets required to be measured at fair value on a recurring basis include investments held by the Funds, the fair values of which are based upon information determined and reported by the Funds. The fair values of investments held by the Funds include Levels 1, 2 and 3; however, Girls Scouts' pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified as Level 3 in the fair value hierarchy.

Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts held by others are valued using the fair values of the assets in the trusts as a practical expedient unless facts and circumstances indicate that the fair values of the assets in the trusts differ from the fair values of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis, and the levels within the fair value hierarchy in which the fair value measurements fall at September 30, 2021 and 2020:

	2021			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Bond fund	\$ 10,928	\$ 10,928	\$ —	\$ —
Beneficial interests in perpetual trusts	251,295	—	—	251,295
Beneficial interests in assets held by others	13,148,013	—	—	13,148,013
Total	\$ 13,410,236	\$ 10,928	\$ —	\$ 13,399,308

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (Continued)

	2020			
	Fair Value	Fair Value Measurements Using		
Quoted Prices In Active Markets For Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Bond fund	\$ 10,925	\$ 10,925	\$ —	\$ —
Beneficial interests in perpetual trusts	233,689	—	—	233,689
Beneficial interests in assets held by others	10,950,117	—	—	10,950,117
Total	\$ 11,194,731	\$ 10,925	\$ —	\$ 11,183,806

There were no significant transfers between Levels 1, 2 or 3 during the years ended September 30, 2021 and 2020.

During the years ended September 30, 2021 and 2020, there were no changes in the methods and/or assumptions utilized to derive the fair values of the Girl Scouts' assets.

15. Concentrations

Approximately 85% and 93% of operating revenues were received from one funding stream during the years ended September 30, 2021 and 2020, respectively. Approximately 24% and 26% of expenses were product cost of sales purchased from one vendor for the years ended September 30, 2021 and 2020, respectively.

16. Related Party Transactions

Girl Scouts is a chartered council of the national organization, GSUSA. Girl Scouts collects a \$25 annual fee per girl, and this money is deposited into a specific bank account which GSUSA is able to access. Girl Scouts acts as a pass-through entity collecting dues on behalf of GSUSA, and this revenue is never recorded on the books of Girl Scouts. There was \$7,604 and \$7,712 due to GSUSA as of September 30, 2021 and 2020, respectively, which is included in accounts payable.

GIRL SCOUTS OF COLORADO

Notes To Financial Statements (*Continued*)

17. PPP Loans

Second PPP Loan

On March 9, 2021, Girl Scouts received proceeds of \$1,689,269 under a promissory note entered into between Girl Scouts and Vectra Bank pursuant to the PPP established under the CARES Act and administered by the SBA. Loan payments are deferred for the first 12 weeks and then an additional 10 months after the date of the disbursement of the funds. After that, the loan and interest would be paid back over a period of 4 years, if the loan is not forgiven under the terms of the PPP.

The loan bears interest at a fixed rate of 1.0% and may be prepaid at any time prior to the maturity date of March 9, 2026, without penalty. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties and insolvency events. The loan may be accelerated upon the occurrence of an event of default. Girl Scouts' obligations are not secured by any collateral or personal guarantees.

Future maturities of the loan for the years ending September 30 are:

<u>Year</u>	<u>Amount</u>
2022	\$ 184,046
2023	405,059
2024	409,129
2025	413,239
<u>2026</u>	<u>277,796</u>
Total	\$ 1,689,269

First PPP Loan

On April 7, 2020, Girl Scouts received proceeds of \$1,248,127 under a promissory note entered into between Girl Scouts and BBVA Bank pursuant to the PPP established under the CARES Act and administered by the SBA. During April 2021, Girl Scouts was notified of loan forgiveness by the SBA. The amount forgiven was \$1,248,127 including principal and interest, and is recorded as a gain on the extinguishment of PPP Loan in the statement of activities.

18. Employee Retention Tax Credit

The CARES Act provided an ERTC, which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the ERTC through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the ERTC to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter.

Girl Scouts recognizes the ERTC when the conditions for earning it are substantially met.

Girl Scouts qualified for the credit beginning on January 1, 2021 and received credits for qualified wages through March 31, 2021. During the year ended September 30, 2021, revenue in the amount of \$794,200 related to the ERTC was recognized within ERTC income on the statement of activities and is reported as ERTC receivable on the statement of financial position.