

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**



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**(WITH COMPARATIVE TOTALS FOR 2022)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Girl Scouts of Texas Oklahoma Plains, Inc.  
Fort Worth, Texas

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Girl Scouts of Texas Oklahoma Plains, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Texas Oklahoma Plains, Inc., as of September 30, 2023, 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.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, in 2023 Girl Scouts of Texas Oklahoma Plains, Inc. adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

#### **Emphasis-of-Matter – Correction of an Error**

As discussed in Note 16 to the financial statements, certain errors related to recording of Employee Retention Credit (ERC) revenue resulted in understatement of amounts previously reported for revenue and accounts receivable as of September 30, 2021 and were identified during audit testing for the September 30, 2023 year-end. Accordingly, amounts reported for ERC receivable and net assets without donor restrictions have been restated in the 2022 financial statements now presented, and an adjustment has been made to the financial statements as of September 30, 2022, to correct the error. Our opinion is not modified with respect to that matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of Texas Oklahoma Plains, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

Board of Directors  
Girl Scouts of Texas Oklahoma Plains, Inc.

***Report on Summarized Comparative Information***

We have previously audited the 2022 financial statements of Girl Scouts of Texas Oklahoma Plains, Inc. and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the restated summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
March 11, 2024

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023**  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>(As Restated)</u> <u>2022</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 628,650	\$ 692,084
Contributions Receivable	1,094	4,500
Accounts Receivable, Less Allowance for Doubtful Accounts of \$9,868 and \$35,655 in 2023 and 2022, Respectively	190,314	4,030
Employee Retention Credits Receivable	607,059	680,546
Inventory	192,906	258,312
Prepaid Expenses and Other Assets	146,465	149,211
Short-Term Investments	2,800,336	3,682,465
Operating Right-of-Use Asset, Net	815,729	-
Property and Equipment, Net	3,947,056	3,368,705
Land Held for Sale	-	5,000
Long-Term Investments	619,424	502,266
Investments Restricted for Endowment	1,137,401	1,100,099
	<u>1,137,401</u>	<u>1,100,099</u>
Total Assets	<u>\$ 11,086,434</u>	<u>\$ 10,447,218</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 42,110	\$ 176,663
Accrued Expenses	329,344	374,099
Program Certificates Payable	92,819	66,537
Notes Payable	499,686	500,000
Deferred Revenue	41,746	107,053
Current Lease Liability - Operating	140,823	-
Long-Term Lease Liability - Operating	680,106	-
Total Liabilities	<u>1,826,634</u>	<u>1,224,352</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	8,046,312	7,989,116
With Donor Restrictions	1,213,488	1,233,750
Total Net Assets	<u>9,259,800</u>	<u>9,222,866</u>
Total Liabilities and Net Assets	<u>\$ 11,086,434</u>	<u>\$ 10,447,218</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			(As Restated) 2022
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions	\$ 187,685	\$ 272,500	\$ 460,185	\$ 424,315
United Way	22,875	217,250	240,125	251,676
Special Events, Net of Direct Costs of \$44,720 and \$20,833 in 2023 and 2022, Respectively	102,475	-	102,475	65,754
Product Sales, Net of Direct Costs of \$4,230,196 and \$4,237,390 in 2023 and 2022, Respectively	6,793,813	-	6,793,813	7,402,151
Camping Fees	498,983	-	498,983	408,828
Sales of Merchandise, Net of Direct Costs of \$297,548 and \$282,607 in 2023 and 2022, Respectively	122,138	-	122,138	165,726
Interest and Dividend Income	134,352	27,077	161,429	84,339
Mineral Income	6,737	-	6,737	8,161
Unrealized/Realized Gain (Loss) on Investments	42,615	95,122	137,737	(306,641)
Gain (Loss) on Sale of Asset	959,088	-	959,088	(5,508)
Other Revenue	374,970	-	374,970	627
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	632,211	(632,211)	-	-
Total Revenue and Other Support	<u>9,877,942</u>	<u>(20,262)</u>	<u>9,857,680</u>	<u>8,499,428</u>
<b>EXPENSES</b>				
Program Services	7,222,652	-	7,222,652	7,158,833
Total Program Services	<u>7,222,652</u>	<u>-</u>	<u>7,222,652</u>	<u>7,158,833</u>
Support Services:				
Management and General	1,955,347	-	1,955,347	1,393,131
Fundraising	642,747	-	642,747	873,690
Total Supporting Services	<u>2,598,094</u>	<u>-</u>	<u>2,598,094</u>	<u>2,266,821</u>
Total Expenses	<u>9,820,746</u>	<u>-</u>	<u>9,820,746</u>	<u>9,425,654</u>
<b>CHANGE IN NET ASSETS</b>	57,196	(20,262)	36,934	(926,226)
Net Assets - Beginning of Year - as Originally Stated	7,989,116	1,233,750	9,222,866	10,026,281
Restatement (See Note 16)	-	-	-	122,811
Net Assets - Beginning of Year - as Restated	<u>7,989,116</u>	<u>1,233,750</u>	<u>9,222,866</u>	<u>10,149,092</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,046,312</u>	<u>\$ 1,213,488</u>	<u>\$ 9,259,800</u>	<u>\$ 9,222,866</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

	Community Partnership	Outdoor and Property	Girl and Volunteer Experience	Total Program Services	Supporting Services			Total	
					Management and General	Fundraising	Total	2023	2022
Salaries, Benefits, and Taxes	\$ 495,840	\$ 742,485	\$ 2,778,289	\$ 4,016,614	\$ 1,320,761	\$ 503,391	\$ 1,824,152	\$ 5,840,766	\$ 5,630,130
Cost of Product Sales	-	-	4,230,195	4,230,195	-	-	-	4,230,195	4,237,389
Cost of Merchandise Sales	-	-	297,550	297,550	-	-	-	297,550	282,607
Camping Expense	26,807	230,032	125,969	382,808	4,381	4,924	9,305	392,113	330,351
Special Events Expenses	-	-	-	-	-	44,720	44,720	44,720	16,854
Program Supplies	1,080	554	658,875	660,509	7,114	161	7,275	667,784	698,503
Technology	18,100	20,406	76,869	115,375	60,573	19,814	80,387	195,762	169,434
Office Expenses	17,396	50,151	156,094	223,641	58,501	17,925	76,426	300,067	292,098
Occupancy	31,496	374,878	272,973	679,347	35,377	13,127	48,504	727,851	765,402
Maintenance	239	29,005	831	30,075	564	125	689	30,764	15,653
Printing and Publications	1,206	844	55,832	57,882	7,248	5,436	12,684	70,566	57,710
Travel	14,499	18,421	79,648	112,568	112,508	21,463	133,971	246,539	189,172
Training and Conferences	397	7,165	13,071	20,633	96,678	4,078	100,756	121,389	92,626
Specific Assistance	77,537	3,645	51,147	132,329	-	-	-	132,329	144,583
Insurance	14,188	152,364	65,298	231,850	32,634	9,932	42,566	274,416	235,397
Accounting	-	-	-	-	50,681	-	50,681	50,681	32,650
Legal	-	-	-	-	19,374	-	19,374	19,374	252
Taxes	-	1,141	-	1,141	-	-	-	1,141	6,423
Other Professional Fees	40,783	16,434	91,856	149,073	44,558	36,468	81,026	230,099	270,634
Bad Debt	-	-	9,868	9,868	-	-	-	9,868	28,291
Miscellaneous	-	3,193	2,820	6,013	85,394	120	85,514	91,527	69,519
Total Expenses Before Depreciation	739,568	1,650,718	8,967,185	11,357,471	1,936,346	681,684	2,618,030	13,975,501	13,565,678
Depreciation	18,325	304,964	69,637	392,926	19,001	5,783	24,784	417,710	396,826
Total Expenses	757,893	1,955,682	9,036,822	11,750,397	1,955,347	687,467	2,642,814	14,393,211	13,962,504
Less: Costs Included with Revenues in the Statement of Activities	-	-	(4,527,745)	(4,527,745)	-	(44,720)	(44,720)	(4,572,465)	(4,536,850)
Total Expenses	\$ 757,893	\$ 1,955,682	\$ 4,509,077	\$ 7,222,652	\$ 1,955,347	\$ 642,747	\$ 2,598,094	\$ 9,820,746	
2022 Totals	\$ 669,619	\$ 2,105,777	\$ 4,383,437	\$ 7,158,833	\$ 1,393,131	\$ 873,690	\$ 2,266,821		\$ 9,425,654

See accompanying Notes to Financial Statements.



**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2023**  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	(As Restated) <u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 36,934	\$ (926,226)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	417,710	396,826
Noncash Lease Expense	5,200	-
Bad Debt Expense	9,868	28,291
Realized/Unrealized (Gain) Loss on Investments	(137,737)	306,641
(Gain) Loss on Sale of Asset	(959,088)	5,508
(Increase) Decrease in Operating Assets:		
Contributions Receivable	3,406	38,500
Accounts Receivable	(196,152)	60,208
Employee Retention Credits Receivable	73,487	345,566
Inventory	65,406	(110,624)
Prepaid Expenses and Other Assets	2,746	(14,491)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(134,553)	140,156
Deferred Revenue	(65,307)	99,123
Accrued Expenses	(44,755)	(13,894)
Program Certificates Payable	26,282	34,934
Net Cash Provided (Used) by Operating Activities	<u>(896,553)</u>	<u>390,518</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(1,042,459)	(475,941)
Proceeds from Sale of Assets	1,010,486	-
Purchase of Investments	(114,000)	(198,431)
Proceeds from Sale of Investments	979,406	325,323
Net Cash Provided (Used) by Investing Activities	<u>833,433</u>	<u>(349,049)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Lines of Credit	2,100,000	1,700,000
Payments on Lines of Credit	(2,100,000)	(1,700,000)
Payments on SBA EIDL Loan	(314)	(300,000)
Net Cash Used by Financing Activities	<u>(314)</u>	<u>(300,000)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(63,434)	(258,531)
Cash and Cash Equivalents - Beginning of Year	<u>692,084</u>	<u>950,615</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 628,650</u>	<u>\$ 692,084</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest Paid	<u>\$ 27,419</u>	<u>\$ 16,214</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Girl Scouts of Texas Oklahoma Plains, Inc. (the Council) is a nonprofit organization serving girls and adults in 81 counties throughout the Texas and Oklahoma Plains. The Council, formed in 2008 by merging four existing councils, reaches out to girls in large, small, and low-income communities. As an organization devoted to the Girl Scout movement, the Council has been issued a Girl Scout charter by the Girl Scouts of the USA (GSUSA), granting it the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction, which is established by the national board of directors of GSUSA, and to call itself a Girl Scout Council. The Council collects dues from troop members which pass to GSUSA.

The Council reaches girls of every age, ethnicity, ability, and background fulfilling the Girl Scout mission of building girls of courage, confidence, and character, who make the world a better place. This mission is accomplished through traditional troop programs, outreach programs, and camping opportunities. Adults are served through leadership development, governance opportunities, and various adult learning opportunities throughout the Council. Girl Scouting helps girls develop their full individual potential; relate to others with increasing understanding, skill, and respect; and contribute to the improvement of society through their abilities, leadership skills, and cooperation with others.

**Management Estimates and Assumptions**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

**Cash and Cash Equivalents**

The Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market accounts and short-term investments of funds restricted in perpetuity are not considered to be cash equivalents since these funds are of a permanent nature and are not used for general operations. The Council places its cash with high-credit quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

**Contributions Revenue and Receivable**

Contributions receivable represent amounts that are unconditionally pledged by donors. The Council recognizes unconditional pledges as support in the period the pledge is made and reports them as contributions in the statement of activities. Conditionally promised contributions, that is, those with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been met. The Council had no such conditional promises during the years ended September 30, 2023 and 2022. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual pledges, collection history and other specific information known to management.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

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

**Accounts Receivable**

Accounts receivable represent amounts of program service fees or product sales billed to customers. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual circumstances of the underlying balances. The primary factors considered in determining the amount of the allowance are collection history and other specific information known to management that may affect collectability.

**Inventory**

Inventory consists primarily of Girl Scout insignia, literature, and clothing items. These items are reflected in the statement of financial position at average cost.

**Investments**

Investments are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses and investment income are recognized in the statement of activities.

The *fair value measurements and disclosures topic* of the accounting standards codification 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. The Topic also establishes 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.

**Property and Equipment**

The Council capitalizes all expenditures for property and equipment in excess of \$5,000 having a useful life of more than one year. Property and equipment that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Routine repair and maintenance is expensed as incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

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

**Impairment of Long-Lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

**Contributions of Nonfinancial Assets**

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Foundation may utilize the services of outside volunteers, the fair value of these services have not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

**Revenue Recognition**

The Council's program revenue is recognized as follows for each individual stream of revenue:

*Product Sales*

The Council sells Girl Scout cookies and Fall products consisting of nuts, candies, and magazines. Each package of cookies and Fall product sale item has a distinctive price they sell to customers for. Revenue is recognized at a point in time upon receipt of delivery of each product to the customer.

*Sale of Merchandise*

The Council sells Girl Scout merchandise at 5 different retail shop locations as well as online. Each item is assigned a distinctive price at which it is sold to customers. Revenue is recognized at a point in time upon receipt of in store purchase by customer or deliver to customer for online sales.

*Camp Fees*

The Council will hold camps for Girl Scouts to attend and participate in certain events and activities throughout their time at the camp. Rates are structured based on the camp location and camp package chosen by each girl scout. Revenue is recognized over time as the camp service or event occurs and is provided to each Girl Scout in attendance.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

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

**Financial Statement Presentation**

Net assets, revenues, 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 available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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 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. The donor of these assets permit the Council to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

**Functional Allocation of Expenses**

The costs of providing the programs and activities of the Council have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services.

**Income Taxes**

The Council has been granted exempt status relative to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state codes.

The Council's income tax returns are subject to review and examination by federal and state authorities. The Council is not aware of any activities that would jeopardize its tax-exempt status. The Council reports any activities that are subject to tax or unrelated business income or excise or other taxes and files all proper returns related to these activities.

**Subsequent Events**

Management evaluated subsequent events through March 11, 2024, which is the date the combined financial statements were available to be issued.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

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

**Prior Year Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

**Leases**

The Council leases office space and equipment. The Council determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the Statement of Financial Position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the Statement of Financial Position.

ROU assets represent the Council's right to use an underlying asset for the lease term and lease liabilities represent the Council's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Council uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Council has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position. The Council has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Council's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Council has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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

**Adoption of New Accounting Standard**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Council adopted the requirements of the guidance effective October 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Council has elected to adopt the package of practical expedients available in the year of adoption. The Council has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Council's ROU assets.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

	2023	2022
Land	\$ 222,106	\$ 222,105
Land Held for Sale	-	5,000
Buildings and Improvements	10,593,552	10,125,270
Furniture and Equipment	1,174,975	1,171,944
Vehicles	230,944	230,944
Construction in Progress	44,513	44,921
Total	<u>12,266,090</u>	<u>11,800,184</u>
Less: Accumulated Depreciation	<u>(8,319,034)</u>	<u>(8,426,479)</u>
Total Property and Equipment	<u>\$ 3,947,056</u>	<u>\$ 3,373,705</u>

**NOTE 3 INVESTMENTS**

Short-term investments consist of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	<u>\$ 2,800,336</u>	<u>\$ 2,800,336</u>	<u>\$ 3,682,465</u>	<u>\$ 3,682,465</u>
Total	<u>\$ 2,800,336</u>	<u>\$ 2,800,336</u>	<u>\$ 3,682,465</u>	<u>\$ 3,682,465</u>

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**NOTE 3 INVESTMENTS (CONTINUED)**

Long-term investments consist of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 117,628	\$ 117,628	\$ 115,003	\$ 115,003
Fixed Income Mutual Funds	478,535	550,884	462,064	531,245
Equity Mutual Funds	813,994	773,812	695,031	742,105
Total	<u>1,410,157</u>	<u>\$ 1,442,324</u>	<u>1,272,098</u>	<u>\$ 1,388,353</u>
Investments Held in Trusts	346,668		330,267	
Total	<u>\$ 1,756,825</u>		<u>\$ 1,602,365</u>	
<u>Reconciliation:</u>				
Long-Term Investments			2023	2022
Investments Restricted for Endowment (see Note 4)			\$ 619,424	\$ 502,266
Total Long-Term Investments			<u>1,137,401</u>	<u>1,100,099</u>
			<u>\$ 1,756,825</u>	<u>\$ 1,602,365</u>

**NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT**

The Council's endowment fund consists of certificates of deposit with various maturities and interest rates, bonds, stocks, mutual funds, and funds invested with Amarillo Area Foundation (see Note 5). The Council's endowment fund consists of contributions made to establish an endowment in perpetuity, the earnings from which are to be used to support the Council's operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Council has interpreted the Texas 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 Council retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. For gifts with no restrictions upon earnings of the corpus, earnings in excess of the corpus are shown as amounts without donor restrictions to be used at the Council's discretion to further its mission. The Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Council and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Council.
- 7) The investment policies of the Council.



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**NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT (CONTINUED)**

**Activity of Endowment Funds**

The changes in the net assets for the years ended September 30 are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,100,099	\$ 1,100,099
Interest Earned	-	27,077	27,077
Contributions	-	-	-
Realized/Unrealized Gain	-	95,122	95,122
Management Fees	-	(7,621)	(7,621)
Appropriation for Expenditure	-	(77,276)	(77,276)
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,137,401</u>	<u>\$ 1,137,401</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ -	\$ 1,186,225	\$ 1,186,225
Interest Earned	-	23,875	23,875
Contributions	-	-	-
Realized/Unrealized Loss	-	(100,868)	(100,868)
Management Fees	-	(9,133)	(9,133)
Appropriation for Expenditure	-	-	-
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,100,099</u>	<u>\$ 1,100,099</u>

**Return Objectives and Risk Parameters**

The Council's overall objective is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Currently, the Council has no board-designated endowment funds. The Council expects its endowment funds, over time, to provide an average rate of return that equals or exceeds the national rate. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

In order to meet the objectives for a predictable stream of funding, the equity portion of the portfolio may be invested in the funds of common stock, convertible preferred stocks, convertible fixed income securities, real estate investment trusts, Standard & Poor's Depository Receipts, and cash reserves. The equity portion of the portfolio should be well diversified among economic sectors, industry groups, and individual securities to avoid any undue exposure to any of the U.S. equity markets.

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**NOTE 4 ASSETS RESTRICTED FOR ENDOWMENT (CONTINUED)**

**Strategies Employed for Achieving Objectives (Continued)**

The securities invested in should be of good quality, publicly traded, and have adequate market liquidity to the size of the investment. The short-term investments shall consist of individual fixed income securities such as certificates of deposits, commercial paper, U.S. Treasury Bills, and other similar instruments with less than one year to maturity.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Council shall appropriate for distribution each year earnings in accordance with the donor's guidance not to exceed 7% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned, excluding funds invested with the Amarillo Area Foundation (see Note 5). In establishing this policy, the Council considered the long-term expected return on its endowment. The actual percentage distribution shall be determined by the board on an annual basis. The Council's objective is 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. There were no underwater endowments as of September 30, 2023 and 2022.

**NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES**

Following is a description of the valuation methodologies 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.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, corporate bonds, mutual funds, and money market funds. 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.

**Investments Held in Trusts**

A donor gave the Council assets, with a current fair value of \$303,432, but named the Amarillo Area Foundation (AAF) as the trustee which is holding them as endowed component funds (Funds) for the benefit of the Council in the form of distributions. The Council would have to request any corpus, if needed, and it would be up to the AAF board of directors to approve. The amount available for distribution is determined annually by AAF's board of directors and is based on a percentage of the market value of the fund. In setting the distribution policy, AAF considers the total average fair market value for the previous 13 quarters. Distributions are made quarterly if the Council elects to take distributions. AAF's percentage used for distributions was 5% in 2023 and 2022. The Council reports the net asset value, which approximates fair value, of the Funds as a component of "Investments Held in Trust" which are included in "Investments Restricted for Endowment" in the statements of financial position.

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**NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Investments Held in Trusts (Continued)**

The Funds, representing a beneficial interest in a perpetual trust, are classified as Level 3 securities and may include money market accounts, certificates of deposit, U.S. government agency securities, common and preferred stocks, bonds, mutual funds, and limited partnership interests, including managed futures funds and multi-strategy hedge funds. The fair value of U.S. government agency securities and bonds are based on the present value of the stream of cash flows they are expected to generate. The fair value of the stocks and mutual funds are based upon quoted market prices in active markets. The fair value of the money market accounts and certificates of deposit are based on the carrying amount due to their short-term nature. The fair value of the limited partnerships are based on net asset value information provided by the general partner or manager of the funds, the financial statements of which generally are audited annually. The AAF considers observable market data and performs diligence procedures in validating the appropriateness of using the net asset value as a fair value measurement. Management and selection of securities are not controlled by the Council.

The following table presents the fair value measurements of assets and liabilities recognized in the statements of financial position measured at fair value on a recurring basis and the level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2023.

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 2,917,964	\$ 2,917,964	\$ -	\$ -
Fixed Income Mutual Funds	478,535	478,535	-	-
Equity Mutual Funds	813,994	813,994	-	-
Investments Held in Trusts	346,668	43,236	-	303,432
Total Investments	<u>\$ 4,557,161</u>	<u>\$ 4,253,729</u>	<u>\$ -</u>	<u>\$ 303,432</u>

The level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2022 is as follows:

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 3,797,468	\$ 3,797,468	\$ -	\$ -
Fixed Income Mutual Funds	462,064	462,064	-	-
Equity Mutual Funds	695,029	695,029	-	-
Investments Held in Trusts	330,269	43,492	-	286,777
Total Investments	<u>\$ 5,284,830</u>	<u>\$ 4,998,053</u>	<u>\$ -</u>	<u>\$ 286,777</u>

The Council had no transfers in or out of Level 3 investments for the either the year ended 2023 or 2022.

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**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following:

	2023	2022
<u>Subject to Expenditure for Specific Purpose</u>		
Program Services	\$ 76,087	\$ 133,651
Unappropriated Endowment Earnings	37,302	-
Total	113,389	133,651
<u>Endowments</u>		
Subject to the Council's Spending Policy - General Endowment	689,513	689,513
Subject to Endowment Trust Spending and Appropriation Approval	227,390	227,390
Total Subject to Council or Trust Spending Policy	916,903	916,903
Not Subject to Spending Policy or Appropriation:		
Camperships, Scholarships, and Innovative Programs	58,196	58,196
Scholarships and Capital Improvements	125,000	125,000
Total	183,196	183,196
Total Endowment	1,100,099	1,100,099
Total Net Assets With Donor Restrictions	\$ 1,213,488	\$ 1,233,750

**NOTE 7 LEASES – ASC 842**

The Council leases office space and equipment for various terms under long-term, noncancelable lease agreements. The lease agreements go through 2033. In the normal course of business, it is expected that these leases will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Council's leases at September 30, 2023:

Lease Costs:	
Operating Lease Costs	\$ 192,053
Total Lease Costs	\$ 192,053
Other Information:	
Operating Cash Flow from Operating Leases	\$ 187,700
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 981,029
Weighted-Average Remaining Lease Term - Operating Leases	8.0 Years
Weighted-Average Discount Rate - Operating	4.00%

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**NOTE 7 LEASES – ASC 842 (CONTINUED)**

The Council classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023 is as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2024	\$ 170,453
2025	125,590
2026	105,091
2027	105,091
2028	102,272
Thereafter	350,568
Total Lease Payments	<u>959,065</u>
Less: Imputed Interest	(138,136)
Present Value of Lease Liabilities	<u><u>\$ 820,929</u></u>

**NOTE 8 OPERATING LEASE AGREEMENTS – ASC 840**

The Council leases several of its office facilities and equipment under noncancelable operating lease agreements with terms varying from one to five years. Other facilities are either owned or leased on a month-to-month basis. Total rent expense is \$181,727 for the year ended September 30, 2022, respectively. Future minimum lease payments at September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 160,699
2024	87,499
2025	65,271
2026	67,407
2027	67,407
Thereafter	61,790
Total	<u><u>\$ 510,073</u></u>

**NOTE 9 EMPLOYEE BENEFIT PLANS**

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. Effective July 31, 2010, the Plan was frozen to new entrants and to further benefit accruals for existing participants, although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service and salary levels. The Council made contributions into the Plan of \$326,199 and \$364,716 during the years ended September 30, 2023 and 2022, respectively. For the plan year ending December 31, 2018, the Plan implemented a funding improvement strategy, in which the Council was not required to pay a surcharge.

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**NOTE 9 EMPLOYEE BENEFIT PLANS (CONTINUED)**

Additionally, the Council offers a tax-deferred annuity plan qualified under Section 403(b) of the IRC. This plan covers full-time employees of the Council who elect to participate. During the years ended September 30, 2023 and 2022, the Council matched employee contributions up to 3% of eligible compensation, which totaled \$75,116 and \$59,785, respectively.

**NOTE 10 MAJOR SUPPLIER**

The Council is dependent on a third-party cookie manufacturer as their primary supplier of Girl Scout cookies. The supplier accounted for approximately 20% and 22% of total expenditures as of September 30, 2023 and 2022, respectively. The loss of this supplier or a significant reduction in product availability could have a material adverse effect on the Council.

**NOTE 11 FUNCTIONAL ALLOCATION OF EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

**NOTE 12 LIQUIDITY AND AVAILABILITY**

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

	2023	(As Restated) 2022
Cash and Cash Equivalents	\$ 628,650	\$ 692,084
Contributions Receivable	1,094	4,500
Accounts Receivable, Net	190,314	4,030
Employee Retention Credits Receivable	607,059	680,546
Short-Term Investments	2,800,336	3,682,465
Long-Term Investments	619,424	502,266
Less: Amounts Restricted by Donors	(76,087)	(133,651)
Add: Estimated Endowment Distribution	50,000	50,000
Total	<u>\$ 4,820,790</u>	<u>\$ 5,482,240</u>

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**NOTE 12 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, the Council has a \$2.6 million line of credit that is used exclusively to pay our cookie vendor early in order to obtain discount for initial orders and is paid back as soon as cash receipts are available to pay the line back.

The Council's working capital and cash flows have seasonal variations during the year attributed to product sales which happens in the second quarter of the fiscal year. To manage liquidity, the Council maintains an operating reserve which can be drawn on during the year to manage cash flow and then reinvested in the reserve when funds are received.

**NOTE 13 NOTES PAYABLE AND LINE OF CREDIT**

During the year ended September 30, 2023, the Council maintained a line of credit with a financial institution having an available balance of \$2,600,000. The line bore interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.25%. During the fiscal year, this line of credit was extended, establishing a new rate of interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus .75% rate (9.25% as of year end), and matures on September 6, 2024. As of September 30, 2023 and 2022, no amounts were outstanding against the line of credit.

On June 29, 2020, the Company received a loan from a bank in the amount of \$150,000 to fund certain operating costs under the EIDL program as authorized by the CARES Act. On July 22, 2021, the loan was modified to increase the amount by \$350,000 for a total of \$500,000. The loan bears interest at a fixed rate of 2.75% per annum, with fixed payments of \$2,210 per month beginning thirty months after the date of the promissory note, has a term of thirty years, and is secured by the general assets of the Council. There is no prepayment penalty for early repayment of the balance. The outstanding loan balance as of September 30, 2023 totaled \$499,686.

Future minimum payments on notes payable at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 12,941
2025	13,301
2026	13,672
2027	14,053
2028	14,444
Thereafter	431,275
Total	<u>\$ 499,686</u>

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**NOTE 14 REVENUE RECOGNITION**

The following table shows the Council's revenue disaggregated according to the timing of the transfer of goods or services:

	<u>2023</u>	<u>2022</u>
<u>Revenue Recognized Over a Period of Time</u>		
Camp Fees	\$ 498,983	\$ 408,828
Total Revenue Recognized Over a Period of Time	<u>\$ 498,983</u>	<u>\$ 408,828</u>
 <u>Revenue Recognized at a Point in Time</u>		
Product Sales, Net	\$ 6,793,813	\$ 7,402,151
Sale of Merchandise	122,138	165,726
Total Revenue Recognized at a Point in Time	<u>\$ 6,915,951</u>	<u>\$ 7,567,877</u>

**NOTE 15 CONTRACT ASSETS AND LIABILITIES**

The Council's contract assets and liabilities consist of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Accounts Receivable</u>			
Product Sales, Net	\$ 3,741	\$ 3,741	\$ 25,944
Total Accounts Receivable	<u>\$ 3,741</u>	<u>\$ 3,741</u>	<u>\$ 25,944</u>
 <u>Liabilities</u>			
Program Certificates Payable	\$ 92,819	\$ 66,537	\$ 31,603
Deferred Revenue - Sponsorships	30,449	22,976	2,250
Deferred Revenue - Camp Fees	4,862	30,170	3,301
Deferred Revenue - Training	3,610	1,382	2,380
Deferred Revenue - Membership Dues	2,825	-	-
Total Liabilities	<u>\$ 134,565</u>	<u>\$ 121,065</u>	<u>\$ 39,534</u>

**NOTE 16 RESTATEMENT OF EMPLOYEE RETENTION CREDIT RECEIVABLE**

During the 2023 audit of the Council's financial statements, management identified that certain Employee Retention Credit (ERC) revenue was recognized to revenue in the year ending September 30, 2023 instead of when it was earned during the year ending September 30, 2021. Therefore, the Council's ERC receivable and revenue balances were increased by \$122,811 in the financial statements for the year ended September 30, 2021. The financial statements for the year ended September 30, 2022 were restated to increase the Council's ERC receivable and net assets without donor restrictions by \$122,811.