



Financial Statements
September 30, 2023
(With Independent Auditor's Report Thereon)

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas
Little Rock, Arkansas

Opinion

We have audited the financial statements of **Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas** (the Council), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Council 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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

As disclosed in Note 2 to the financial statements, the Council adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*, on October 1, 2022. Our opinion is not modified with respect to this 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 the Council's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

The image shows a handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
January 29, 2024

Financial Statements

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Statement of Financial Position September 30, 2023

ASSETS

Cash and cash equivalents	\$ 1,184,425
Investments	1,700,034
Accounts receivable:	
Cookie and fall product programs receivable, net	3,668
Other accounts receivable	168,467
Contributions and grants receivable	74,881
Inventory	117,614
Prepaid expenses	52,771
Property and equipment, net	3,615,135
Operating lease right of use asset	104,060
Finance lease right of use asset	16,429
Other assets	22,770

TOTAL ASSETS \$ 7,060,254

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 134,655
Accrued payroll expenses	108,687
Custodial funds	4,604
Operating lease liability	105,984
Finance lease liability	16,415
Deferred revenue	20,363
Total Liabilities	<u><u>390,708</u></u>

Net Assets

Net assets without donor restrictions	
Unrestricted	5,487,704
Board designated	84,130
Total net assets without donor restrictions	<u><u>5,571,834</u></u>
Net assets with donor restrictions	
Restricted as to purpose	954,978
Restricted in perpetuity	142,734
Total net assets with donor restrictions	<u><u>1,097,712</u></u>
Total Net Assets	<u><u>6,669,546</u></u>

TOTAL LIABILITIES AND NET ASSETS \$ 7,060,254

See accompanying notes to financial statements.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Statement of Activities Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, GAINS AND RECLASSIFICATIONS			
Support			
Contributions of financial assets	\$ 438,619	\$ 119,823	\$ 558,442
Contributions of nonfinancial assets	1,500	-	1,500
Grants	176,404	-	176,404
Total Support	<u>616,523</u>	<u>119,823</u>	<u>736,346</u>
Program Revenue			
Cookie program	4,685,000	-	4,685,000
Cost of cookies	(1,078,846)	-	(1,078,846)
Allocation to troops and service units	(774,013)	-	(774,013)
Net cookie program revenue	<u>2,832,141</u>	<u>-</u>	<u>2,832,141</u>
Fall product program	422,474	-	422,474
Cost of fall products	(172,128)	-	(172,128)
Allocation to troops and service units	(54,086)	-	(54,086)
Net fall product program revenue	<u>196,260</u>	<u>-</u>	<u>196,260</u>
Merchandise sales	157,382	-	157,382
Cost of sales	(77,300)	-	(77,300)
Net merchandise sales revenue	<u>80,082</u>	<u>-</u>	<u>80,082</u>
Camp and program fees	142,061	-	142,061
Total Program Revenue	<u>3,250,544</u>	<u>-</u>	<u>3,250,544</u>
Other Income			
Net investment return	154,543	17,800	172,343
Other support, gains and miscellaneous income	681,988	-	681,988
Total Other Income	<u>836,531</u>	<u>17,800</u>	<u>854,331</u>
Net Assets Released from Restrictions	<u>59,044</u>	<u>(59,044)</u>	<u>-</u>
Total Support, Revenue, Gains and Reclassifications	<u>4,762,642</u>	<u>78,579</u>	<u>4,841,221</u>
Expenses			
Program services	4,099,340	-	4,099,340
Management and general	969,975	-	969,975
Fundraising	276,698	-	276,698
Total Expenses	<u>5,346,013</u>	<u>-</u>	<u>5,346,013</u>
INCREASE (DECREASE) IN NET ASSETS	(583,371)	78,579	(504,792)
NET ASSETS, BEGINNING OF YEAR	<u>6,155,205</u>	<u>1,019,133</u>	<u>7,174,338</u>
NET ASSETS, END OF YEAR	<u>\$ 5,571,834</u>	<u>\$ 1,097,712</u>	<u>\$ 6,669,546</u>

See accompanying notes to financial statements.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Statement of Functional Expenses Year Ended September 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries, benefits and taxes	\$ 2,632,899	\$ 622,633	\$ 235,103	\$ 3,490,635
Professional services and fees	130,950	105,642	8,105	244,697
Program supplies and food	219,855	835	10,177	230,867
Communications and postage	77,368	18,085	7,392	102,845
Building rent, maintenance and utilities	175,482	54,209	-	229,691
Equipment rental and maintenance	70,928	-	-	70,928
Marketing and printing	43,450	21,181	7,181	71,812
Travel	128,948	9,817	4,909	143,674
Development and training	29,058	7,165	2,705	38,928
Girl and adult assistance and troop support	51,331	-	-	51,331
Cookie and fall product programs incentives	113,400	-	-	113,400
Bad debts/loss on uncollectible contributions	19,120	-	-	19,120
Insurance	82,913	29,908	-	112,821
Other operating expense	60,396	48,573	1,126	110,095
Depreciation and amortization	263,242	51,927	-	315,169
TOTAL EXPENSES	4,099,340	969,975	276,698	5,346,013
Costs of cookies, fall products and sales	1,328,274	-	-	1,328,274
Allocation to troops and service units	828,099	-	-	828,099
TOTAL EXPENSES AND COST OF COOKIES, FALL PRODUCTS AND SALES	<u>\$ 6,255,713</u>	<u>\$ 969,975</u>	<u>\$ 276,698</u>	<u>\$ 7,502,386</u>

See accompanying notes to financial statements.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Statement of Cash Flows Years Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Total Net Assets	\$ (504,792)
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Used by Operating Activities	
Depreciation and amortization	315,169
Gain on disposal of property and equipment	(389,404)
Net appreciation in the fair value of investments	(129,781)
Bad debts/loss on uncollectible contributions	19,120
Changes in operating assets and liabilities:	
Accounts receivable:	
Cookie and fall product programs receivable	(13,881)
Other accounts receivable	(89,121)
Contributions and grants receivable	11,952
Inventory	6,595
Prepaid expenses	6,320
Operating lease right of use assets and liabilities	2,805
Other assets	1,980
Accounts payable and accrued expenses	(37,499)
Accrued payroll expenses	49,667
Custodial funds	3,954
Deferred revenue	8,287
Net Cash Used by Operating Activities	<u>(738,629)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,367,906)
Proceeds from sale of property and equipment	1,578,395
Purchases of investments	(1,644,590)
Proceeds from sale of investments	1,649,588
Net Cash Provided by Investing Activities	<u>215,487</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on lease obligations	<u>(57,297)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(580,439)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,764,864</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,184,425</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Purchases of property and equipment included in accounts payable and accrued expenses	<u><u>\$ 28,459</u></u>

See accompanying notes to financial statements.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 1: NATURE OF ACTIVITIES

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas (the Council) is a nonprofit organization incorporated under the laws of the state of Arkansas and chartered by the Girl Scouts of the United States of America (GSUSA). As part of a national strategy developed by GSUSA to streamline and consolidate operations by creating high capacity, high performing Girl Scout councils throughout the United States, the Council was created and commenced operations effective October 1, 2008, as a result of a merger of five Girl Scout Councils (Girl Scout Councils of NOARK, Ouachita, Crowley's Ridge, Mount Magazine and Conifer).

The Council's mission is to build girls of courage, confidence and character who make the world a better place. To accomplish its mission, the Council strives to provide a variety of Girl Scout programs and exciting opportunities throughout the area it serves. The Council serves approximately 4,600 girls and has approximately 3,200 volunteers.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Council have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The Council is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restriction – Net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents

The Council considers all demand deposit accounts, money market mutual funds and highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents.

The accompanying financial statements do not report balances or transactions attributable to separate bank accounts established and maintained by individual Girl Scout troops under the employer identification number (EIN) of the Council. At September 30, 2023, management estimates that the balance in such individual troop accounts totals approximately \$1,350,000. The Council has no signature authority on or direct control over the individual troop accounts and will only have read-only access to the funds as long as a troop is functioning according to Girl Scout policy and procedure. Individual troops have the responsibility to use funds in their control for purposes of conducting Girl Scout-related programs. If a troop disbands and the troop bank account has a balance, the members of that troop may elect to return it to the Council.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

It is the Council's policy not to use any funds received from disbanded troops for operations for one year, so any continuing girls may get a portion of the funds for their new troop. After one year, any remaining funds are used for general operations.

Any amounts received from disbanded troops are included in cash and cash equivalents, and they are also included in the custodial funds liability in the Council's statement of financial position.

Investments

The Council's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. See Note 4 for further discussion of fair value measurements. Investment transactions are recorded on a trade-date basis.

Net investment return is reported in the statement of activities and consists of realized and unrealized gains and losses, as well as dividends, capital gain distributions and interest, less external investment expenses. Interest income is recorded when it is earned, and dividends and capital gain distributions are recorded as income on the ex-dividend date.

Inventory

Inventory, consisting primarily of shop merchandise, is stated at the lower of cost (determined using the first-in, first-out method) or net realizable value.

Property and Equipment, Net

Property and equipment are reported at historical cost, or if donated, at the approximate fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction, unless the donor stipulations limit the use of the assets for a period of time or for a particular purpose, in which instance the donated assets are reported as net assets with donor restrictions.

Generally, major renewals and improvements in excess of \$5,000 are capitalized, while normal repairs and maintenance are expensed in the period incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Contributions

Contributions, including unconditional promises to give, are recognized as support in the period received or when the Council becomes aware that an unconditional promise to give has been made, whichever occurs first. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Contributions that are restricted by the donor are recorded as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time period ends or a purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as “net assets released from restrictions.”

Revenue Recognition

Grants are recognized as revenue on a reimbursement of expense basis or when services are provided. Receivables from grants represent amounts required for reimbursement for allowable expenses incurred or services provided in excess of funds received. Grants are reported as refundable advances to the extent funds are received before the required service is provided.

Revenues from cookie and fall product programs (e.g., nuts, snack mix, magazine subscriptions) are recognized at the time of delivery of the cookies or products to the buyer. Merchandise sales, which consist primarily of Girl Scout-related uniform components and supplies sold at the Council’s retail stores, are recognized at the time of the sale. Camp and other program fee revenues are recognized at the time the related camp or other program occurs.

The Council records accounts receivable for cookie and fall product programs proceeds due from individual troops. Accounts receivable are stated net of an allowance for doubtful accounts, determined by management based upon a review of outstanding receivables and historical collection information. Management does not anticipate material losses on the Council’s receivables in excess of the established allowance, which was \$15,000 at September 30, 2023.

Cost of Cookies, Fall Products and Sales

Costs of cookies, fall products and sales include all costs associated with the purchase of cookies, fall products and merchandise. Shipping and handling costs are also included in the cost of cookies, fall products and merchandise. All cookie inventory is purchased from one vendor, and all fall product inventory is purchased from another vendor. All Girl Scout-related merchandise is purchased from GSUSA and GSUSA approved vendors.

Allocation to Troops and Service Units

Individual troops and service units earn \$0.70 - \$0.85 and \$0.04 - \$0.06, respectively, for each box of cookies sold. Individual troops earn 11% - 13% for their gross fall product program revenues and service units earn \$200 when they meet a certain benchmark.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Expenses associated with certain activities and functions necessary for the support of programs provided by the Council are considered supporting services expenses. Supporting services include various costs associated with administration, fundraising, maintenance and other general functions of the Council.

The Council allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service according to their natural expenditure classification. Other expenses that are common to several functions are allocated to programs and supporting services. Salaries, benefits and taxes are allocated based on estimates of time worked, while all other common expenses are allocated based on estimated use.

Income Taxes

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is not a private foundation.

Accounting standards require the Council to evaluate tax positions and recognize a tax liability (or asset) if the Council has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). The Council has analyzed the tax positions taken and has concluded that as of September 30, 2023, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Council may be subject to audit by the IRS; however, there are currently no audits for any tax periods in progress.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities, and various disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Effective October 1, 2022, the Council adopted ASU No. 2016-02 for the period ended September 30, 2023, using the optional new transition alternative method, which allows the Council to implement without restating prior periods. The Council also elected the relief package of practical expedients of which there is no requirement to reassess existence of leases, their classification or initial direct costs, and exempting short-term leases with a term of less than one year from classification. See Note 7.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 3: CONTRIBUTIONS AND GRANTS RECEIVABLE

The following is a summary of contributions and grants receivable as of September 30, 2023:

Juliette's Circle	\$ 24,558
United Way	5,823
Other contributions	<u>44,500</u>
Total contributions and grants receivable	<u>\$ 74,881</u>

Contributions and grants receivable at September 30, 2023 are expected to be collected as follows:

Amounts due in:	
Less than one year	\$ 20,186
One to five years	<u>54,695</u>
	<u>\$ 74,881</u>

NOTE 4: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

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

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in methodologies used during the year ended September 30, 2023.

The fair values of mutual funds are determined based on the net asset value per share and the number of shares held by the Council.

The fair values of exchange-traded funds are determined based on the closing price as reported by the fund. The funds are priced continuously throughout the day, but are required to publish their daily net asset value at market close based on the value of the underlying securities. The funds held by the Council are deemed to be actively traded.

The fair values of corporate debt obligations are determined based on yields currently available on comparable securities of issuers with similar credit ratings.

The fair values of the Council's investments measured at fair value on a recurring basis as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual funds				
Foreign large growth	\$ 16,050	\$ -	\$ -	\$ 16,050
High yield bond	70,730	-	-	70,730
Intermediate core bond	437,636	-	-	437,636
Large growth	39,146	-	-	39,146
Large value	37,017	-	-	37,017
Mid-cap growth	8,432	-	-	8,432
Mid-cap value	13,653	-	-	13,653
Multisector bond	6,063	-	-	6,063
Nontraditional bond	10,825	-	-	10,825
Short-term bond	19,221	-	-	19,221
Small growth	10,706	-	-	10,706
Small value	14,490	-	-	14,490
Ultrashort bond	7,252	-	-	7,252
World allocation	296,016	-	-	296,016
Total mutual funds	<u>987,237</u>	<u>-</u>	<u>-</u>	<u>987,237</u>

(Continued)

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

	Level 1	Level 2	Level 3	Fair Value
Exchange-traded funds				
Diversified emerging markets	\$ 18,405	\$ -	\$ -	\$ 18,405
Foreign large blend	51,407	-	-	51,407
Foreign large growth	104,846	-	-	104,846
Global large stock growth	18,467	-	-	18,467
Large blend	128,250	-	-	128,250
Large growth	114,654	-	-	114,654
Large value	110,599	-	-	110,599
Mid-cap blend	44,293	-	-	44,293
Total exchange-traded funds	590,921	-	-	590,921
Corporate debt obligations	-	121,876	-	121,876
Total investments	\$ 1,578,158	\$ 121,876	\$ -	\$ 1,700,034

NOTE 5: PROPERTY AND EQUIPMENT, NET

Property and equipment, net of accumulated depreciation, consist of the following as of September 30, 2023:

Non-depreciable:	
Land	\$ 218,723
Construction in progress	168,705
Depreciable:	
Buildings and improvements	5,796,729
Furniture and equipment	220,624
Automobiles	446,909
Land improvements	428,434
	7,280,124
Accumulated depreciation	(3,664,989)
Total property and equipment, net	\$ 3,615,135

Construction in progress at September 30, 2023, consists of architectural fees for Camp NOARK, Mt. Magazine and Burnham Woods areas.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 6: LINE OF CREDIT

At September 30, 2023, the Council maintained a line of credit of \$1,500,000 (the LOC) from a financial institution. Interest payments are due monthly at a variable rate based on the Wall Street Journal prime rate, which was 9.50% at September 30, 2023. Borrowings against the LOC are due on demand, but if no demand is made, the LOC matures on March 15, 2024, at which time all outstanding advances and any unpaid interest thereon are due and payable. The LOC is secured by cash held at a financial institution totaling \$100,000, and camp property and the Jonesboro office with a net book value of \$1,524,887 at September 30, 2023. There was no outstanding balance on the LOC as of September 30, 2023.

NOTE 7: LEASES

The Council leases an office building, computers and office equipment under long term noncancellable operating lease and finance lease agreements. The leases expire at various dates through 2026. The Council has elected the practical expedient to not separate lease and non-lease components for the office building, computers and office equipment leases.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Council has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Council has applied the risk-free rate option to the office building and office equipment classes of assets.

Total lease costs for the year ended September 30, 2023 are as follows:

Finance lease cost:	
Amortization of right of use assets	\$ 16,660
Interest on lease liabilities	1,306
Total finance lease cost	<u>\$ 17,966</u>
Operating lease cost	<u>\$ 41,892</u>

The following summarizes the supplemental cash flow information for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 1,306
Financing cash flows from finance leases	\$ 16,660
Operating cash flows from operating leases	\$ 41,509
Right of use assets obtained in exchange for lease liabilities:	
Finance leases	\$ 25,208
Operating leases	\$ 148,435

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 7: LEASES (Continued)

The following summarizes the weighted average remaining lease term and weighted average discount rate as of September 30, 2023:

Weighted average remaining lease term in years:	
Finance leases	1.71
Operating leases	2.32
Weighted average discount rate:	
Finance leases	7.22%
Operating leases	0.75%

The future minimum lease payments under noncancellable operating and finance leases with terms greater than one year for the year ended September 30, 2023 are as follows:

	Finance	Operating
September 30,		
2024	\$ 10,932	\$ 42,942
2025	6,495	39,834
2026	-	24,294
Total lease payments	17,427	107,070
Less: interest	(1,012)	(1,086)
Present value of lease liabilities	\$ 16,415	\$ 105,984

NOTE 8: ENDOWMENTS

At September 30, 2023, the Council’s endowment funds include four restricted endowments – the Second Century Endowment established in association with the one hundredth anniversary of the Girl Scouts organization as well as three separate memorial endowment funds established by individual donors. The corpus of the restricted endowment funds must be maintained in perpetuity and the income earned thereon must be used for specific Girl Scout-related purposes.

The Council’s Board of Directors has interpreted the 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 classifies the original value of gifts donated in perpetuity to the endowment, the original value of subsequent gifts to the endowment and 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 as net assets with donor restrictions. The remaining portion of the donor restricted endowment fund that are not classified as net assets with donor restrictions in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 8: ENDOWMENTS (Continued)

In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Council and (7) the Council's investment policies.

The Council has adopted investment and spending policies, as approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Endowment assets are invested in a diversified portfolio of investments, which consists primarily of money market accounts, mutual funds, exchange-traded funds and corporate debt obligations.

The Council's investment strategy is to earn a consistent rate of return and maintain acceptable levels of risk, while providing sufficient liquidity to fund capital expenditures and various Girl Scout programs. Investment risk is measured in terms of the total endowment fund. Investment assets and allocations among asset classes and strategies are managed in an effort to not expose the fund to unacceptable levels of risk.

Changes in net assets attributable to the Council's endowment funds during the year ended September 30, 2023 are as follows:

Endowment net assets, beginning of year	\$ 125,504
Contributions	5,000
Investment income	3,531
Net appreciation in fair value of investments	<u>14,268</u>
Endowment net assets, end of year	<u>\$ 148,303</u>

During the year ended September 30, 2023, the Council had funds with underwater endowment net assets as a result of unfavorable market performance for the year ended September 30, 2022. The fair value of these underwater endowments totaled \$148,303, with an original gift amount of \$153,555, resulting in deficiencies of \$5,252 as of September 30, 2023.

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Notes to Financial Statements September 30, 2023

NOTE 9: NET ASSETS

The following table provides a description of the amounts comprising net assets with donor restrictions as of September 30, 2023, all of which are restricted by purpose or in perpetuity.

STEAM Center ⁽¹⁾	\$ 793,842
Camp NOARK ⁽²⁾	25,000
Alternative Program Delivery ⁽³⁾	96,744
CEO discretionary ⁽⁴⁾	19,182
GSUSA program initiatives ⁽⁵⁾	8,300
Memberships, scholarships and troop support ⁽⁶⁾	6,341
Lyon Memorial ⁽⁷⁾	35,551
Emde Memorial ⁽⁷⁾	9,279
Hensley Memorial ⁽⁷⁾	9,385
Second Century Endowment ⁽⁷⁾	94,088
Total net assets with donor restrictions	\$ 1,097,712

- ⁽¹⁾ Represents contributions received from various donors related to the Council's capital campaign to build a STEAM Center in the Fort Smith area.
- ⁽²⁾ Represents the unspent balance of contributions from various individual donors to be utilized for Camp NOARK.
- ⁽³⁾ Represents contributions received from various donors to be utilized for Girl Scout leadership experiences outside of the traditional troop model.
- ⁽⁴⁾ Represents a contribution received from a donor that is designated to be used at the Council's CEO's discretion.
- ⁽⁵⁾ Represents funds received from GSUSA for specific program initiatives.
- ⁽⁶⁾ Represents the unspent balance of contributions from various donors to be utilized for Girl Scout memberships, camp scholarships and troop support.
- ⁽⁷⁾ Represents contributions received from donors, the corpus of which is to be maintained in perpetuity. The income earned thereon is to be utilized by the Council to provide various forms of assistance to girls participating in Girl Scout programs or for purposes of conducting Girl Scout programs.

The following table provides a description of the amounts comprising net assets designated by the Board of Directors as of September 30, 2023.

Emergency expenditures	\$ 25,145
Second Century Endowment	3,615
Windgate Foundation Challenge Grant ⁽⁸⁾	50,300
Other	5,070
Total board designated net assets	\$ 84,130

- ⁽⁸⁾ During the year ended September 30, 2018, the Council received a conditional promise to give (challenge grant), up to \$500,000, from a foundation contingent on raising the required matching gifts. The Council designated a portion of net assets without donor restrictions to begin the process of raising the necessary funds to receive the challenge grant.

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Notes to Financial Statements September 30, 2023

NOTE 10: RETIREMENT PLANS

403(b) Thrift Plan

The Council sponsors a 403(b) thrift plan, which covers all employees of the Council. Employees are allowed to make salary deferrals to this plan subject to limitations set forth in the Internal Revenue Code. In addition, employees who have reached the age of eighteen and have completed one year of service are eligible to receive a base contribution of 3% of compensation and an employer matching contribution on salary deferrals, not to exceed 4% of the participant's compensation.

Employer contributions to the 403(b) thrift plan for the year ended September 30, 2023 totaled approximately \$104,000.

Defined Benefit Pension Plan

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

GSUSA utilizes the services of an independent actuary to estimate the Retirement Plan's unfunded liability, as well as each participating council's share of the liability and contribution requirements. As of January 1, 2023, the Council's share of the total liability was estimated to be approximately \$850,000, which is disclosed but not recorded in the accompanying financial statements in accordance with U.S. GAAP.

Net plan assets declined during the year and are less than the actuarial present value of accumulated plan benefits as of January 1, 2023. The Council's required contribution rate is 16.3% of eligible salaries in 2023, and the dollar amount of contributions totaled approximately \$246,000 during the year ended September 30, 2023. Legislative and regulatory solutions are being explored to reduce the minimum required contributions.

NOTE 11: CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

The Council maintains cash and investment balances that may, at times, exceed applicable insurance limits available under the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). In the event of a bank or investment banking firm failure, the excess of the balance over applicable limits may not be recoverable. The actual amount of uninsured cash and cash equivalents balances is not readily determinable due to the fact that individual troops maintain deposits in the EIN of the Council and all accounts at a single financial institution established under the same EIN are aggregated for purposes of determining the amount of insured balances.

Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas

Notes to Financial Statements September 30, 2023

NOTE 11: CONCENTRATION OF CREDIT RISK (Continued)

Support and Revenue

The Council is dependent to some extent upon grants and private donations. If this level of support varies, there may be a resulting negative impact upon the level and types of activities and program services offered by the Council.

During the year ended September 30, 2023, approximately 59% of total support, revenue, gains and reclassifications is attributable to net cookie program revenue.

NOTE 12: RELATED PARTY TRANSACTIONS

Certain members of the Council's Board of Directors are employed at financial institutions in which the Council maintains cash accounts and investment accounts.

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council monitors its liquidity so that it is able to meet its operating needs and contractual commitments while maximizing the investment of its excess operating cash.

The Council has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and cash equivalents	\$ 1,184,425
Investments	518,192
Accounts receivable:	
Cookie and fall product programs receivable, net	3,668
Other accounts receivable	168,467
Contributions and grants receivable	<u>74,881</u>
	1,949,633
Less contributions due in more than one year	<u>(54,695)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,894,938</u>

Although not expected to be needed, the Council has available for spending without limitation board designated net assets of approximately \$84,000. These resources are invested for long-term appreciation, but may be spent at the discretion of the Board of Directors. See Note 9 for further information regarding board designated net assets. The Council also has the LOC which it could draw upon in the event of an anticipated liquidity need (see Note 6).

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Notes to Financial Statements September 30, 2023

NOTE 14: SUBSEQUENT EVENTS

In November 2023, the Council entered into a contract to sell its Jonesboro office for a sales price of \$750,000. The net book value of land, land improvements and building that will be sold totaled approximately \$585,000.

In December 2023, the Council entered into a contract to buy an office building in Jonesboro for a purchase price of \$405,000.

Management has evaluated subsequent events through January 29, 2024, the date that the financial statements were available to be issued.