

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended September 30, 2021 and 2020*

*And Report of Independent Auditor*

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

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## Report of Independent Auditor

To the Board of Directors  
Girl Scouts of Middle Tennessee, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statements of Girl Scouts of Middle Tennessee, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

**Other Matter**

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of Girl Scouts of Middle Tennessee, Inc. and affiliates as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

*Cherry Bekart LLP*

Nashville, Tennessee  
January 5, 2022

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2021

	Without Donor Restrictions			Total With Donor Restrictions	Total
	Camping, Operating, and Special Project Reserves	Land, Buildings, and Equipment, and Intangible Assets	Total Without Donor Restrictions		
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents (Note 1)	\$ 2,244,826	\$ -	\$ 2,244,826	\$ 256,279	\$ 2,501,105
Accounts and other receivables, net (Note 4)	24,884	-	24,884	155,000	179,884
Other current assets	236,439	-	236,439	-	236,439
Total Current Assets	2,506,149	-	2,506,149	411,279	2,917,428
Accounts and other receivables, net - noncurrent (Note 4)	-	-	-	200,000	200,000
Investments (Notes 1 and 5)	4,886,168	-	4,886,168	210,545	5,096,713
Property and equipment, net of accumulated depreciation (Notes 1 and 6)	-	207,661	207,661	-	207,661
Intangible assets (Note 7)	-	770,519	770,519	-	770,519
<b>Total Assets</b>	<b>\$ 7,392,317</b>	<b>\$ 978,180</b>	<b>\$ 8,370,497</b>	<b>\$ 821,824</b>	<b>\$ 9,192,321</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 113,207	\$ -	\$ 113,207	\$ -	\$ 113,207
Accrued liabilities	500,308	-	500,308	-	500,308
Deferred income	36,967	-	36,967	-	36,967
Due to Sue Peters Foundation	149,535	-	149,535	-	149,535
Total Current Liabilities	800,017	-	800,017	-	800,017
Custodian funds	172,192	-	172,192	-	172,192
Total Liabilities	972,209	-	972,209	-	972,209
Net Assets (Notes 1 and 10):					
Without donor restrictions	6,420,108	978,180	7,398,288	-	7,398,288
With donor restrictions	-	-	-	821,824	821,824
Total Net Assets	6,420,108	978,180	7,398,288	821,824	8,220,112
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,392,317</b>	<b>\$ 978,180</b>	<b>\$ 8,370,497</b>	<b>\$ 821,824</b>	<b>\$ 9,192,321</b>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2020

	Without Donor Restrictions			Total With Donor Restrictions	Total
	Camping, Operating, and Special Project Reserves	Land, Buildings, and Equipment, and Intangible Assets	Total Without Donor Restrictions		
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents (Note 1)	\$ 2,076,502	\$ -	\$ 2,076,502	\$ 22,140	\$ 2,098,642
Accounts and other receivables, net (Note 4)	71,468	-	71,468	157,250	228,718
Other current assets	265,845	-	265,845	-	265,845
Total Current Assets	2,413,815	-	2,413,815	179,390	2,593,205
Accounts and other receivables, net - noncurrent (Note 4)	-	-	-	350,000	350,000
Investments (Notes 1 and 5)	8,209,481	-	8,209,481	185,088	8,394,569
Property and equipment, net of accumulated depreciation (Notes 1 and 6)	-	163,860	163,860	-	163,860
Intangible assets (Note 7)	-	864,278	864,278	-	864,278
<b>Total Assets</b>	<b>\$ 10,623,296</b>	<b>\$ 1,028,138</b>	<b>\$ 11,651,434</b>	<b>\$ 714,478</b>	<b>\$ 12,365,912</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 91,135	\$ -	\$ 91,135	\$ -	\$ 91,135
Accrued liabilities	348,313	-	348,313	-	348,313
Deferred income	28,843	-	28,843	-	28,843
Deferred grant revenue (Note 8)	497,365	-	497,365	-	497,365
Due to Sue Peters Foundation	124,677	-	124,677	-	124,677
Total Current Liabilities	1,090,333	-	1,090,333	-	1,090,333
Custodian funds	155,672	-	155,672	-	155,672
Total Liabilities	1,246,005	-	1,246,005	-	1,246,005
Net Assets (Notes 1 and 10):					
Without donor restrictions	9,377,291	1,028,138	10,405,429	-	10,405,429
With donor restrictions	-	-	-	714,478	714,478
Total Net Assets	9,377,291	1,028,138	10,405,429	714,478	11,119,907
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,623,296</b>	<b>\$ 1,028,138</b>	<b>\$ 11,651,434</b>	<b>\$ 714,478</b>	<b>\$ 12,365,912</b>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 421,381	\$ 256,279	\$ 677,660
Golf tournament, net	50,649	-	50,649
Government grants	1,049,941	-	1,049,941
United Way contributions	11,837	-	11,837
In-kind contributions	500	-	500
Total Public Support	<u>1,534,308</u>	<u>256,279</u>	<u>1,790,587</u>
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 11)	3,019,997	-	3,019,997
Camping fees	455,174	-	455,174
Program fees	164,137	-	164,137
Sale of merchandise, gross	321,743	-	321,743
Less cost of sales	(252,595)	-	(252,595)
Other income, net	250,875	-	250,875
Total Revenue	<u>3,959,331</u>	<u>-</u>	<u>3,959,331</u>
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	174,390	(174,390)	-
Total Revenues, Gains, and Other Support	<u>5,668,029</u>	<u>81,889</u>	<u>5,749,918</u>
Expenses:			
Program services	4,817,453	-	4,817,453
Supporting Services:			
Management and general	159,150	-	159,150
Fundraising and community relations	233,503	-	233,503
Total Expenses	<u>5,210,106</u>	<u>-</u>	<u>5,210,106</u>
Change in Net Assets from Operating Activities	457,923	81,889	539,812
Nonoperating Activities:			
Investment income, net (Note 5)	100,470	-	100,470
Net gain on investments (Note 5)	1,083,938	25,457	1,109,395
Change in net assets	1,642,331	107,346	1,749,677
Net assets, beginning of year	10,405,429	714,478	11,119,907
Transfer of net assets to Sue Peters Foundation (Note 1)	(4,649,472)	-	(4,649,472)
Net assets, end of year	<u>\$ 7,398,288</u>	<u>\$ 821,824</u>	<u>\$ 8,220,112</u>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support:			
Annual giving	\$ 537,696	\$ 21,408	\$ 559,104
Golf tournament, net	53,361	-	53,361
Government grants	32,422	-	32,422
United Way contributions	23,743	-	23,743
Community receptions, net	4,358	-	4,358
In-kind contributions	600	-	600
Total Public Support	<u>652,180</u>	<u>21,408</u>	<u>673,588</u>
Revenue:			
Program Related Revenue:			
Cookie sales, net (Note 11)	3,643,211	-	3,643,211
Camping fees	59,888	-	59,888
Program fees	175,340	-	175,340
Sale of merchandise, gross	379,773	-	379,773
Less cost of sales	(307,052)	-	(307,052)
Other income, net	235,399	-	235,399
Total Revenue	<u>4,186,559</u>	<u>-</u>	<u>4,186,559</u>
Net Assets Released from Restrictions:			
Satisfaction of program and time restrictions	156,325	(156,325)	-
Total Revenues, Gains, and Other Support	<u>4,995,064</u>	<u>(134,917)</u>	<u>4,860,147</u>
Expenses:			
Program services	4,174,741	-	4,174,741
Supporting Services:			
Management and general	155,911	-	155,911
Fundraising and community relations	358,950	-	358,950
Total Expenses	<u>4,689,602</u>	<u>-</u>	<u>4,689,602</u>
Change in Net Assets from Operating Activities	305,462	(134,917)	170,545
Nonoperating Activities:			
Investment income, net (Note 5)	174,623	-	174,623
Net gain on investments (Note 5)	264,739	7,070	271,809
Change in net assets	744,824	(127,847)	616,977
Net assets, beginning of year	10,288,365	842,325	11,130,690
Transfer of net assets to Sue Peters Foundation (Note 1)	(627,760)	-	(627,760)
Net assets, end of year	<u>\$ 10,405,429</u>	<u>\$ 714,478</u>	<u>\$ 11,119,907</u>

The accompanying notes to the financial statements are an integral part of these statements.



**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2021

	Supporting Services				Total
	Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$ 2,023,503	\$ 96,893	\$ 133,005	\$ 229,898	\$ 2,253,401
Payroll taxes	156,182	6,295	8,723	15,018	171,200
Employee health and other benefits	184,825	8,731	11,956	20,687	205,512
Total Salaries and Related Expenses	2,364,510	111,919	153,684	265,603	2,630,113
Occupancy	604,128	15,620	19,782	35,402	639,530
Legal fees	324,248	-	-	-	324,248
Professional fees	216,343	23,802	13,886	37,688	254,031
Scholarships and financial aid	234,008	-	-	-	234,008
Supplies	209,862	280	657	937	210,799
Capital budget - repairs and maintenance	166,715	-	-	-	166,715
Conferences, conventions, meetings, and training	145,057	290	621	911	145,968
Telephone	82,265	2,876	3,029	5,905	88,170
Insurance	49,468	2,321	3,178	5,499	54,967
Program consultants	26,367	-	26,102	26,102	52,469
Travel	43,966	372	1,182	1,554	45,520
Miscellaneous	39,412	127	3,274	3,401	42,813
Awards and gifts	37,664	116	536	652	38,316
Printing and publications	27,034	286	4,468	4,754	31,788
Rental, repair, and maintenance	25,136	855	1,171	2,026	27,162
Postage and shipping	18,586	82	1,527	1,609	20,195
Membership dues	2,571	204	406	610	3,181
Total Expenses Before Depreciation and Amortization	4,617,340	159,150	233,503	392,653	5,009,993
Depreciation and amortization	200,113	-	-	-	200,113
Total Expenses	<u>\$ 4,817,453</u>	<u>\$ 159,150</u>	<u>\$ 233,503</u>	<u>\$ 392,653</u>	<u>\$ 5,210,106</u>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2020

	Supporting Services				Total
	Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$ 1,809,846	\$ 95,417	\$ 226,516	\$ 321,933	\$ 2,131,779
Payroll taxes	146,730	7,004	18,132	25,136	171,866
Employee health and other benefits	188,972	10,041	23,692	33,733	222,705
Total Salaries and Related Expenses	2,145,548	112,462	268,340	380,802	2,526,350
Occupancy	596,519	10,423	26,829	37,252	633,771
Professional fees	207,104	23,050	23,491	46,541	253,645
Scholarships and financial aid	213,392	-	-	-	213,392
Supplies	184,036	849	2,419	3,268	187,304
Capital budget - repairs and maintenance	159,725	-	-	-	159,725
Telephone	74,748	2,464	4,868	7,332	82,080
Legal fees	74,510	-	-	-	74,510
Printing and publications	51,630	1,865	9,027	10,892	62,522
Miscellaneous	38,086	126	5,869	5,995	44,081
Travel	38,510	655	3,699	4,354	42,864
Conferences, conventions, meetings and training	36,288	662	2,151	2,813	39,101
Awards and gifts	36,465	57	918	975	37,440
Insurance	31,239	1,658	3,914	5,572	36,811
Program consultants	35,043	-	-	-	35,043
Rental, repair, and maintenance	28,771	907	2,141	3,048	31,819
Postage and shipping	21,926	589	3,048	3,637	25,563
Membership dues	3,580	144	360	504	4,084
Area fundraising	-	-	1,876	1,876	1,876
Total Expenses Before Depreciation and Amortization	3,977,120	155,911	358,950	514,861	4,491,981
Depreciation and amortization	197,621	-	-	-	197,621
Total Expenses	<u>\$ 4,174,741</u>	<u>\$ 155,911</u>	<u>\$ 358,950</u>	<u>\$ 514,861</u>	<u>\$ 4,689,602</u>

The accompanying notes to the financial statements are an integral part of these statements.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,749,677	\$ 616,977
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	200,113	197,621
Gain on sale of property and equipment	(3,000)	-
Net gain on investments	(1,109,395)	(271,809)
Contributions restricted for property and equipment	(406,279)	(150,000)
Changes in operating assets and liabilities:		
Accounts and other receivables, net	348,834	101,379
Other current assets	29,406	84,962
Due to Sue Peters Foundation	24,858	44,000
Accounts payable	22,072	(21,001)
Accrued liabilities	151,995	189,061
Deferred income	8,124	(99,712)
Custodian funds	16,520	(8,309)
Deferred grant revenues	(497,365)	497,365
Net cash flows from operating activities	<u>535,560</u>	<u>1,180,534</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	2,089,039	1,935,706
Purchases of investments	(2,178,165)	(1,499,250)
Proceeds from sale of property and equipment	3,000	-
Purchases of property and equipment	(268,609)	(656,326)
Purchases of intangible assets	(34,641)	(474,073)
Net cash flows from investing activities	<u>(389,376)</u>	<u>(693,943)</u>
<b>Cash flows from financing activities:</b>		
Collections of contributions restricted for fixed assets	256,279	150,000
Net cash flows from financing activities	<u>256,279</u>	<u>150,000</u>
Change in cash and cash equivalents	402,463	636,591
Cash and cash equivalents, beginning of year	<u>2,098,642</u>	<u>1,462,051</u>
Cash and cash equivalents, end of year	<u>\$ 2,501,105</u>	<u>\$ 2,098,642</u>
<b>Noncash investing activities:</b>		
Transfer of property and equipment to Sue Peters Foundation	\$ 153,095	\$ 627,760
Transfer of investments to Sue Peters Foundation	<u>\$ 4,496,377</u>	<u>\$ -</u>
Purchases of land, buildings, and equipment financed through accounts payable	<u>\$ -</u>	<u>\$ 32,625</u>

The accompanying notes to the financial statements are an integral part of these statements.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 1—Summary of significant accounting policies

*Nature of Activities* – Girl Scouts of Middle Tennessee, Inc. (the “Organization”) provides programs and administrative support for local Girl Scout troops in Middle Tennessee. The Organization is supported primarily through public support and the sale of cookies and merchandise. The following is a summary of the Organization’s significant accounting policies.

*Supporting Organization* – The Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust (the “Trust”) was established on December 11, 2014 and is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Trust was established to support Girl Scouts of Middle Tennessee, Inc. by providing real estate to be used for outdoor programs, a central office for the agency to conduct its operations, and scholarship opportunities for Girl Scout Gold Award recipients. Land, buildings, and equipment as well as investments were transferred from Girl Scouts of Middle Tennessee, Inc. to the Trust. Such transfers of net assets totaled \$4,649,472 and \$627,760 for the years ended September 30, 2021 and 2020, respectively. Girl Scouts of Middle Tennessee, Inc. has entered into agreements to lease certain properties from the Trust and also to provide administrative services to the Trust. Girl Scouts of Middle Tennessee, Inc. controls the Trust through the appointment of its Board of Directors (the “Board”).

*Subsidiary* – The Organization established Align 3C LLC (“Align”), a separate for-profit Tennessee limited liability company, on January 9, 2017. Align is wholly owned by the Organization and was established to own and potentially to license certain software products. Align had no significant activity for the years ended September 30, 2021 and 2020.

*Basis of Presentation* – These financial statements represent only the financial activities of the Organization and do not include any financial information of the Trust or Align. These parent entity only financial statements are presented in addition to the consolidated audited financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates. Such consolidated financial statements are the general-purpose financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliates, and the financial statements of Girl Scouts of Middle Tennessee, Inc. presented herein are not a valid substitute for those consolidated financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets that are subject to stipulations by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions in perpetuity are primarily comprised of the original endowment gifts given to the Organization by donors. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets for the Organization’s operations.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 1—Summary of significant accounting policies (continued)

*Cash and Cash Equivalents* – The Organization considers all cash funds, cash bank accounts, and highly-liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

*Accounts and Other Receivables* – Accounts receivable are reviewed periodically as to their collectability. An allowance for uncollectible accounts is provided based on past experience with collections and estimated collectability of current receivables. Uncollectible accounts are charged against the allowance in the period they are deemed uncollectible.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Inventory* – Inventory consists principally of Girl Scout related clothing and supplies and is stated at the lower of cost or market determined on the first-in, first-out basis and is included in other current assets on the statements of financial position. The Organization purchases a majority of its merchandise inventory from Girl Scouts of the USA (“GSUSA”). Inventory totaling \$232,584 and \$241,741 is included in other current assets at September 30, 2021 and 2020, respectively.

*Investments* – Investments are stated at fair value on a recurring basis. Unrealized gains and losses as well as appreciation or depreciation in fair value are reflected in the accompanying financial statements.

*Property and Equipment* – Property and equipment are recorded at cost to the Organization, or if contributed, at the approximate fair value at the date of acquisition. All depreciation is computed using the straight-line method based on the estimated useful life of the asset.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals which extend the useful life of the asset over one year are capitalized. When buildings and equipment are sold or otherwise disposed, the asset and related accumulated depreciation are relieved, and any gain or loss is included in revenue.

*Fair Value of Financial Instruments* – The carrying amounts of financial instruments including cash and cash equivalents, accounts and other receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

*Endowment Funds* – As required by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not restricted by the donor in perpetuity or by law as net assets with donor restrictions (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met.

When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, donor-restricted net assets are reclassified to net assets without donor restrictions.

*Membership* – Membership fees are collected and forwarded to GSUSA. Accordingly, no membership fees are reflected in the statements of activities.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 1—Summary of significant accounting policies (continued)

*Expense Allocation* – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

*Donated Services* – The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities related to volunteer services because the criteria for recognition of such volunteer effort under U.S. GAAP have not been satisfied.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the IRC, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

*New Accounting Pronouncements* – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During the year ended September 30, 2021, the Organization adopted ASU 2014-09 using the modified retrospective approach and determined there was no cumulative effect adjustment. (See Note 2.)

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 1—Summary of significant accounting policies (continued)

*Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC 840, *Leases*. 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 income statement. The new standard is effective for the Organization year ending September 30, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

*Subsequent Events* – The Organization evaluated subsequent events through January 5, 2022, when these financial statements were available to be issued.

### Note 2—Revenue recognition

Effective October 1, 2020, the Organization adopted Topic 606, which requires an entity to recognize revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services. As disclosed in Note 1, the Organization adopted Topic 606 using the modified retrospective method, which recognizes the cumulative effect of initial adoption as of the effective date to net assets. There was no impact to net assets as of October 1, 2020 as a result of the adoption of Topic 606.

The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction prices.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when or as the Organization satisfies a performance obligation.

The Organization has analyzed the provisions of Topic 606 and has concluded the following:

*Contract Balances* – Net accounts receivable related to exchange transactions were \$24,884 and \$39,046 as of September 30, 2021 and 2020, respectively. Deferred revenue was \$36,967 and \$28,843 as of September 30, 2021 and 2020, respectively.

Accounts receivable consist of amounts due from product sales and are presented net of an allowance for doubtful accounts. Management evaluates the collectability of accounts receivable based primarily on the length of time the receivables are past due, historical experience, and an individual customer's ability to meet their financial obligations. When it has been determined to be probable that an account is uncollectible, the Organization recognizes an allowance for doubtful accounts. However, actual accounts receivable write-offs might differ from management's estimate. The allowance for doubtful accounts included in accounts receivable, net totaled \$18,748, at September 30, 2021 and 2020.

Deferred trade revenue represents cash received in advance of the program services rendered. Such revenues will be recognized in the subsequent year.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### **Note 2—Revenue recognition (continued)**

*Sales of Products* – Sales of product are recognized at the time of delivery to the customer and when collectability is reasonably assured. Such revenue is included in program related revenue in the accompanying statements of activities. Revenue is recorded net of estimated and actual sales adjustments in the same period the related revenues are recorded or when current information indicates additional allowances are required. These estimates are based on the Organization's historical experience, specific customer information and current economic conditions.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

*Variable Consideration* – The Organization's contracts with customers do not result in contract modifications. The Organization offers immaterial discounts to its customers, which it nets with total sales in the accompanying statements of activities. The discounts offered by the Organization are fixed, and are recognized at the point in time that the sale occurs.

*Payment Terms* – The Organization's payment terms vary by the type of products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties. Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

*Contract Costs* – The Organization does not recognize any assets associated with the incremental costs of obtaining a contract with a customer (for example, a sales commission) that the Organization expects to recover. Most revenue is recognized at a point-in-time or over a period of one year or less, and the Organization uses the practical expedient that allows the Organization to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would have otherwise been recognized is one year or less.

*Practical Expedients and Exemptions* – There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and disclosures. The Organization applied a practical expedient in the adoption and application of ASC 606 that allows the Organization to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

*Disaggregation of Revenue* – The statements of activities depict the disaggregation of revenue by revenue stream for the years ended September 30, 2021 and 2020, and is consistent with how the Organization evaluates financial performance.



**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 3—Liquidity and availability of resources**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at September 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,501,105	\$ 2,098,642
Accounts and other receivables, net	179,884	228,718
Accounts and other receivables, net - noncurrent	200,000	350,000
Investments	5,096,713	8,394,569
	<u>7,977,702</u>	<u>11,071,929</u>
Total financial assets		
Less amounts not available to be used for general expenditures within one year:		
Assets subject to restrictions	821,824	714,478
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,155,878</u>	<u>\$ 10,357,451</u>

**Note 4—Accounts and other receivables**

Accounts and other receivables consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Accounts receivable, net of allowance for doubtful accounts of \$18,748 for both years	\$ 24,884	\$ 39,046
Government grants receivable	-	32,422
Unconditional promises to give:		
Capital campaign gifts	350,000	500,000
Other	5,000	7,250
Accounts and other receivables, net	<u>\$ 379,884</u>	<u>\$ 578,718</u>
	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 179,884	\$ 228,718
Receivable in one to five years	200,000	350,000
	<u>\$ 379,884</u>	<u>\$ 578,718</u>

Uncollectible amounts for unconditional promises to give are expected to be insignificant and, accordingly, no provision is made for uncollectible unconditional promises to give.

# GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 5—Investments and fair value measurements

The Organization has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The applicable levels of the fair value hierarchy are described below:

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

*Level 2* – Inputs to the valuation methodology include:

- 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;
- Inputs that are derived principally from or corroborated by the 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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at September 30, 2021 and 2020.

*Level 1 Assets* – determined by obtaining quoted market prices in active markets.

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

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 5—Investments and fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 34,653	\$ -	\$ -	\$ 34,653
Fixed Income Funds:				
Long duration fixed income	2,021,522	-	-	2,021,522
Total Fixed Income Funds	2,021,522	-	-	2,021,522
Equity Funds:				
Small/mid cap US funds	681,117	-	-	681,117
Real estate investment trust funds	254,350	-	-	254,350
Large cap US funds	682,730	-	-	682,730
Small bond funds	70,111	-	-	70,111
Total Equity Funds	1,688,308	-	-	1,688,308
Common Stock:				
Consumer goods	310,838	-	-	310,838
Technology	253,831	-	-	253,831
Financial	194,749	-	-	194,749
Industrial goods	193,064	-	-	193,064
Healthcare	143,273	-	-	143,273
Services	112,154	-	-	112,154
Utilities	77,146	-	-	77,146
Communication	25,763	-	-	25,763
Basic materials	41,412	-	-	41,412
Total Common Stock	1,352,230	-	-	1,352,230
Total Investments at Fair Value	<u>\$ 5,096,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,096,713</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 5—Investments and fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 324,529	\$ -	\$ -	\$ 324,529
Fixed Income Funds:				
Long duration fixed income	2,820,841	-	-	2,820,841
Total Fixed Income Funds	2,820,841	-	-	2,820,841
Equity Funds:				
Large cap foreign funds	1,129,068	-	-	1,129,068
Small/mid cap US funds	926,190	-	-	926,190
Real estate investment trust funds	519,872	-	-	519,872
Large cap US funds	134,146	-	-	134,146
Small bond funds	70,180	-	-	70,180
Total Equity Funds	2,779,456	-	-	2,779,456
Common Stock:				
Consumer goods	606,335	-	-	606,335
Technology	414,250	-	-	414,250
Financial	352,099	-	-	352,099
Industrial goods	350,088	-	-	350,088
Healthcare	259,829	-	-	259,829
Services	232,938	-	-	232,938
Utilities	142,545	-	-	142,545
Communication	56,753	-	-	56,753
Basic materials	54,906	-	-	54,906
Total Common Stock	2,469,743	-	-	2,469,743
Total Investments at Fair Value	<u>\$ 8,394,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,394,569</u>

Net gain on investments amounted to \$1,109,395 and \$271,809 for the years ended September 30, 2021 and 2020, respectively. The following schedule summarizes the net investment income for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 132,753	\$ 216,533
Investment fees	(32,283)	(41,910)
	<u>\$ 100,470</u>	<u>\$ 174,623</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 6—Property and equipment**

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 1,585,239	\$ 1,556,615
Less accumulated depreciation	<u>(1,377,578)</u>	<u>(1,392,755)</u>
	<u>\$ 207,661</u>	<u>\$ 163,860</u>

Depreciation expense amounted to \$71,713 and \$72,686 for the years ended September 30, 2021 and 2020, respectively, based on estimated useful lives ranging from 3 to 15 years.

**Note 7—Intangible assets**

The Organization engaged a data solution company to develop new membership, training, and operations software. These costs will be amortized over a period of 10 years. Intangible assets consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Software development costs	\$ 1,263,500	\$ 1,228,859
Less accumulated amortization	<u>(492,981)</u>	<u>(364,581)</u>
	<u>\$ 770,519</u>	<u>\$ 864,278</u>

Amortization expense amounted to \$128,400 and \$124,935 for the years ended September 30, 2021 and 2020, respectively.

At September 30, 2021, estimated aggregate amortization expense in future years is as follows:

<u>Years Ending September 30,</u>	
2022	\$ 128,400
2023	128,400
2024	128,400
2025	128,400
2026	128,400
Thereafter	<u>128,519</u>
	<u>\$ 770,519</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

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**Note 8—Deferred grant revenue**

During fiscal 2020, the Organization received a Paycheck Protection Program loan ("PPP") in the amount of \$497,365. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, Not-for Profit Entities - Revenue Recognition. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization deferred recognition of grant revenue for the year ended September 30, 2020, because the conditions for forgiveness had not yet been substantially met. In April 2021, the PPP loan of \$497,365, plus accrued interest, was fully forgiven by the SBA and was recognized in government grants within the statement of activities for the year ended September 30, 2021.

Under the same terms and requirements, the Organization received a second PPP loan in the amount of \$447,320, which was established by the CARES Act and administered by the SBA. In August 2021, the PPP loan, plus accrued interest, was fully forgiven and was also recognized in government grants within the statement of activities for the year ended September 30, 2021.

**Note 9—Lease commitments**

The Organization has lease agreements for camps, office space, copiers, and a postage machine that have been accounted for as operating leases. At September 30, 2021, future minimum annual lease payments under noncancelable lease obligations are as follows:

**Years Ending September 30,**

2022	\$	70,100
2023		67,625
2024		66,800
2025		59,800
2026		50,000
Thereafter		4,400,000
		<u>\$ 4,714,325</u>

Rent expense under all lease agreements totaled \$111,292 and \$112,567 for the years ended September 30, 2021 and 2020, respectively, and is included in occupancy in the statements of functional expenses.

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 10—Restrictions on net assets**

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

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions:		
Unconditional promises to give due in future periods	\$ 355,000	\$ 507,250
Capital campaign	256,279	-
Troop 6000 program	-	22,140
Endowment earnings restricted for specified programs	69,129	43,672
Restrictions in perpetuity:		
Dorothy May Campership fund	78,657	78,657
Judy Smith Promise Circle	42,102	42,102
Sue Peters endowment	12,363	12,363
Fran Barge endowment	8,294	8,294
	<u>\$ 821,824</u>	<u>\$ 714,478</u>

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) was enacted in Tennessee effective July 1, 2007. The Board has interpreted the UPMIFA as requiring that the Organization classify as net assets restricted in perpetuity a) the original value of donor-restricted gifts to the endowment, b) the original value of subsequent donor-restricted gifts to the endowment, and c) accumulations (interest, dividends, capital gain/loss) to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are approved for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment net asset composition by type of fund as of September 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 210,545	\$ 210,545

Changes in endowment net assets for the year ended September 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 185,088	\$ 185,088
Investment return, net		25,457	25,457
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 210,545</u>	<u>\$ 210,545</u>

**GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

**Note 10—Restrictions on net assets (continued)**

Endowment Net asset composition by type of fund as of September 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted endowment funds	\$ -	\$ 185,088	\$ 185,088

Changes in endowment net assets for the year ended September 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 178,018	\$ 178,018
Investment return, net	-	7,070	7,070
Endowment net assets, end of year	\$ -	\$ 185,088	\$ 185,088

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are to be invested primarily in equities, fixed income investments and cash securities.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of obtaining the Board's approval for any distribution of dividend and interest income from the endowment fund. At September 30, 2021 and 2020, there were no underwater endowments.

**Note 11—Concentrations**

The Organization receives a substantial amount of its support from the sale of cookies. A significant reduction in the level of cookie sales, if this were to occur, could have an adverse impact on the Organization's programs and services. A summary of the cookie sale program activity is as follows for the years ended September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Total gross cookie program sales	\$ 5,907,337	\$ 7,804,723
Less cost of goods sold	(1,972,986)	(2,785,423)
Less allocations to troops and service units	(914,354)	(1,376,089)
Total net cookie program sales	\$ 3,019,997	\$ 3,643,211



# **GIRL SCOUTS OF MIDDLE TENNESSEE, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2021 AND 2020*

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### **Note 11—Concentrations (continued)**

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents and investments. The Organization's cash and cash equivalent balances generally exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. The Organization has not experienced any losses in these balances and considers this to be a normal business risk. The Organization had approximately \$2,329,821 and \$1,866,100 of cash and cash equivalents in excess of FDIC insured limits at September 30, 2021 and 2020, respectively.

The Organization's investments are subject to market risk, the risk inherent in a fluctuating market. To minimize risk related to investments, the Organization's investment portfolio is diversified among a variety of asset categories. The Organization regularly evaluates its investment strategy.

### **Note 12—Defined contribution retirement plan**

On January 1, 2013, the Organization adopted a 403(b) retirement plan. Employees who work at least 20 hours per week are eligible to contribute to the 403(b) plan upon reaching age 18. Effective January 1, 2014, unless the participant makes a contrary election, the Organization will automatically withhold 6% from the participant's payroll each pay period. Employees are eligible to receive discretionary contributions upon reaching age 18 and completing one year of qualified service. No discretionary contributions were made for the years ended September 30, 2021 and 2020.

### **Note 13—Uncertainty**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.