GIRL SCOUTS HEART OF THE HUDSON, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022
(with comparative information for the year ended September 30, 2021)

GIRL SCOUTS HEART OF THE HUDSON, INC.
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative information for the year ended September 30, 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts Heart of the Hudson, Inc.

Opinion

We have audited the accompanying financial statements of Girl Scouts Heart of the Hudson, Inc., which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts Heart of the Hudson, Inc. as of September 30, 2022, 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. 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 Girl Scouts Heart of the Hudson, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Uncertainty Regarding Impacts of Recent Disruptions in U.S. Banking System

As discussed in Note 15 to the financial statements, in March 2023, the shut-down of certain financial institutions raised economic concerns over the disruption to the U.S. banking system. Given the uncertainty of the situation, the related financial statement impact cannot be reasonably estimated at this time. 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 these 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts Heart of the Hudson, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Girl Scouts Heart of the Hudson, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
August 14, 2023

GIRL SCOUTS HEART OF THE HUDSON, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
(with comparative information as of September 30, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 3,118,276	$ 2,662,466
Accounts receivable, net	44,367	98,961
Investments	1,735,818	1,890,371
Beneficial interest in perpetual trust	107,473	137,187
Inventory	434,247	370,999
Prepaid expenses and other current assets	91,387	27,530
Employee retention credit	765,564	765,564
Property and equipment, net	5,887,996	6,092,817
Property held-for-sale, net	104,542	104,542
TOTAL ASSETS	$ 12,289,670	$ 12,150,437
LIABILITIES AND NET ASSETS		
Liabilities:		
Paycheck Protection Program - loan payable (Note 16)	$ -	$ 651,620
Accounts payable and accrued expenses	475,551	283,758
Accrued salaries and vacation payable	122,663	117,956
Program credits payable	351,145	450,784
Deferred income	9,410	10,917
Total liabilities	958,769	1,515,035
Commitments and contingencies (Notes 9, 11, 12, 15 and 16)		
Net assets:		
Without donor restrictions	10,015,589	9,343,668
With donor restrictions:		
Purpose restrictions	795,749	742,457
Donor-restricted endowment fund and interest in perpetual trust	519,563	549,277
Total net assets with donor restrictions	1,315,312	1,291,734
Total net assets	11,330,901	10,635,402
TOTAL LIABILITIES AND NET ASSETS	$ 12,289,670	$ 12,150,437

See accompanying notes to financial statements.

GIRL SCOUTS HEART OF THE HUDSON, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with summarized comparative financial information for the year ended September 30, 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	Summarized Total
Public support:				
Annual giving, contributions and bequests	$ 165,413	$ 137,657	$ 303,070	$ 225,687
Grants and contracts (Note 16)	23,950	-	23,950	889,516
In-kind contributions	25,797	-	25,797	-
Total public support	215,160	137,657	352,817	1,115,203
Revenues:				
Program-related revenues:				
Product sales, net of costs of $2,146,153 in 2022 and $1,668,897 in 2021	4,833,649	-	4,833,649	3,637,921
Sale of merchandise, net of costs of $225,651 in 2022 and $196,060 in 2021	186,907	-	186,907	93,370
Program service fees	211,094	-	211,094	179,846
Investment income (loss)	(264,896)	(43,829)	(308,725)	436,278
Rental income	129,400	-	129,400	80,845
Change in fair value of beneficial interest in perpetual trust	-	(29,714)	(29,714)	17,969
Forgiveness of Paycheck Protection Program loan payable	651,620	-	651,620	651,621
Miscellaneous income	134,837	-	134,837	129,769
Net assets released from restrictions	40,536	(40,536)	-	-
Total public support and revenues	6,138,307	23,578	6,161,885	6,342,822
Expenses:				
Program services:				
Membership services	2,175,768	-	2,175,768	1,979,825
Girl program services	2,070,017	-	2,070,017	1,913,778
Public information	142,425	-	142,425	122,647
Total program services	4,388,210	-	4,388,210	4,016,250
Supporting services:				
Management and general	940,301	-	940,301	765,341
Fundraising	137,875	-	137,875	134,863
Total supporting services	1,078,176	-	1,078,176	900,204
Total expenses	5,466,386	-	5,466,386	4,916,454
Changes in net assets	671,921	23,578	695,499	1,426,368
Net assets - beginning	9,343,668	1,291,734	10,635,402	9,209,034
NET ASSETS - ENDING	$ 10,015,589	$ 1,315,312	$ 11,330,901	$ 10,635,402

See accompanying notes to financial statements.

GIRL SCOUTS HEART OF THE HUDSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with summarized comparative financial information for the year ended September 30, 2021)

	2022								2021
	Program Services				Supporting Services				
	Membership Services	Girl Program Services	Public Information	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Summarized Total
Salaries	$ 1,227,937	$ 549,183	$ 84,043	$ 1,861,163	$ 295,961	$ 88,850	$ 384,811	$ 2,245,974	$ 2,190,339
Employee health and retirement benefits	128,919	97,127	3	226,049	280,483	27,873	308,356	534,405	578,736
Payroll taxes	90,032	40,809	6,371	137,212	18,605	6,259	24,864	162,076	153,792
Total salaries and related expenses	1,446,888	687,119	90,417	2,224,424	595,049	122,982	718,031	2,942,455	2,922,867
Supplies	59,013	125,128	819	184,960	13,739	85	13,824	198,784	336,479
Maintenance and repairs	51,415	205,285	3,079	259,779	-	1,723	1,723	261,502	188,735
Insurance	137,742	78,642	8,570	224,954	8,075	-	8,075	233,029	223,900
Professional fees	164,135	91,686	12,186	268,007	303,485	-	303,485	571,492	193,011
Utilities	38,098	143,598	2,363	184,059	2,934	-	2,934	186,993	139,242
Travel and transportation	56,145	37,913	3,931	97,989	3,491	113	3,604	101,593	18,640
Equipment and maintenance	76,748	39,860	4,792	121,400	3,196	7,049	10,245	131,645	139,373
Assistance to individuals	7,602	16,188	160	23,950	-	-	-	23,950	11,211
Miscellaneous	29,291	7,536	916	37,743	4,112	-	4,112	41,855	32,413
Occupancy	48,128	60,674	2,932	111,734	24	-	24	111,758	100,474
Communication	28,531	33,476	1,990	63,997	138	560	698	64,695	54,108
Conferences, conventions and meetings	9,517	16,904	389	26,810	4,796	150	4,946	31,756	15,592
Postage	2,350	36,021	99	38,470	562	600	1,162	39,632	32,789
Printing and publications	20,165	8,543	9,782	38,490	-	3,344	3,344	41,834	32,711
Merchandise and cookie expense	-	2,371,804	-	2,371,804	-	-	-	2,371,804	1,864,957
Dues and subscriptions	-	1,444	-	1,444	700	1,269	1,969	3,413	547
Total expenses before depreciation and amortization	2,175,768	3,961,821	142,425	6,280,014	940,301	137,875	1,078,176	7,358,190	6,307,049
Depreciation and amortization	-	480,000	-	480,000	-	-	-	480,000	474,362
Less: expenses included with revenues on the statement of activities	-	2,371,804	-	2,371,804	-	-	-	2,371,804	1,864,957
TOTAL EXPENSES REPORTED BY FUNCTION	$ 2,175,768	$ 2,070,017	$ 142,425	$ 4,388,210	$ 940,301	$ 137,875	$ 1,078,176	$ 5,466,386	$ 4,916,454

See accompanying notes to financial statements.

GIRL SCOUTS HEART OF THE HUDSON, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative information as of September 30, 2021)

	2022	2021
Cash flows from operating activities:		
Changes in net assets	$ 695,499	$ 1,426,368
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(651,620)	(651,621)
Depreciation and amortization	480,000	474,362
Net realized and unrealized loss (gain) on investment	341,903	(364,399)
Donated securities	(25,797)	-
Change in fair value of beneficial interest in perpetual trust	29,714	(17,969)
Changes in operating assets and liabilities:		
Accounts receivable	54,594	96,377
Inventory	(63,248)	75,185
Prepaid expenses and other current assets	(63,857)	3,520
Employee retention credit	-	(765,564)
Accounts payable and accrued expenses	191,793	(142,280)
Accrued salaries and vacation payable	4,707	7,840
Program credits payable	(99,639)	66,995
Deferred income	(1,507)	9,782
Net cash provided by operating activities	892,542	218,596
Cash flows from investing activities:		
Acquisition of property and equipment	(275,179)	(106,133)
Purchase of investments	(297,225)	(19,972)
Proceeds from sale of investments	135,672	360,640
Net cash used in investing activities	(436,732)	234,535
Cash flows from financing activities:		
Net repayments on line of credit	-	(425,000)
Proceeds from Paycheck Protection Program - loan payable	-	651,620
Net cash provided by financing activities	-	226,620
Net increase in cash and cash equivalents	455,810	679,751
Cash and cash equivalents - beginning	2,662,466	1,982,715
CASH AND CASH EQUIVALENTS - ENDING	$ 3,118,276	$ 2,662,466
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ 5,810

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Girl Scouts Heart of the Hudson, Inc. ("GSHH" or the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code ("IRC"). GSHH is chartered by the Girl Scouts of the USA and is governed by a maximum 18-member volunteer board of directors and an experienced management staff. GSHH's central administrative office is located in Montgomery, New York effective December 10, 2022, with regional offices in New City, Wappinger Falls, Eastchester and New Rochelle. GSHH serves girls in a seven-county region (Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester Counties).

GSHH has been providing girls with extraordinary programming throughout the region. Currently, GSHH serves approximately 13,000 girls between the ages of five and 18 and over 7,500 adult members. In addition to the administrative office and the regional offices, GSHH also maintains nine Girl Scout houses and four camp properties. GSHH is committed to providing Girl Scouting to as many girls as possible throughout the lower Hudson Valley region all year round.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Revenue Recognition

The Organization derives revenue and support primarily from grants, contributions, sales and program services.

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's products or services are treated as a single performance obligation that is satisfied as the products or services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization recognizes revenue relating to the sale of products and merchandise, when shipped or picked up by the customer, at which point control passes to the customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, and that are collected by the Organization from a customer are excluded from revenue.

Program services consist of camp fees, training, and other Girl Scout events and are offered by the Organization throughout the course of the year. Revenues from these services are recognized at the point at which services are rendered. Event revenue is recognized over the period the event takes place.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

The Organization records a contract asset when it has a right to payment from a customer that is conditional on events other than the passage of time. The Organization also records a contract liability when a customer prepays but the Organization has not fulfilled its performance obligation. The Organization did not have any material unsatisfied performance obligations or contract assets as of September 30, 2022. Contract liabilities are presented as "deferred income" on the accompanying statement of financial position. At September 30, 2022 and 2021, deferred income was $9,410 and $10,917, respectively.

Grants and Contributions

Contributions, including unconditional promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either with or without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional contributions are recorded when the specified conditions have been met. Contributions received with donor-imposed restrictions that are met in the same fiscal year in which the contributions are received are classified as contributions without donor restrictions.

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Revenue from this source is subject to audits and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

GSHH considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable from sale of products and other sources of income are recorded when services are rendered. Accounts receivable are reported at their outstanding unpaid principal balances net of allowances for doubtful accounts. GSHH estimates doubtful accounts based on historical bad debts, factors related to specific members and customers' ability to pay, and current economic trends. GSHH writes off accounts receivable against the allowance when a balance is determined to be uncollectible. At September 30, 2022 and 2021, accounts receivable was $87,108 and $210,347, respectively. At September 30, 2022 and 2021, the allowance for doubtful accounts was $42,741 and $111,386, respectively. Interest is not accrued on outstanding receivables.

Investments and Investment Income

Investments are carried 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 transaction between market participants at the measurement date.

Income from investments, including both realized and unrealized gains and losses, is treated as an increase in net assets without donor restrictions unless otherwise specified by donors.

Donated securities are recorded at their fair value on the date they are received.

GSHH holds certain investments with and without donor restrictions. Investment income and appreciation are allocated quarterly based on the percentage of each fund's net asset balance to the total, adjusted for additions to and withdrawals from the investment pool.

Investment balances at the brokerage firms are insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC").

The investments in marketable securities are subject to inherent market risk since their fair values fluctuate based on market demand, economic conditions, and interest rates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

> 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 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.

Concentrations of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, temporary cash investments, and accounts receivable. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization believes that it is not exposed to any significant credit risk on cash. The Organization routinely assesses the collectibility of accounts receivable and believes that its accounts receivable credit risk exposure is limited.

Inventory

Inventory, consisting primarily of Girl Scout merchandise, is stated at lower-of-cost or net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonable predictable costs of disposal and transportation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost if purchased by GSHH, or at fair value at the date of donation. GSHH capitalizes expenditures for property and equipment in excess of $2,500 with an estimated useful life in excess of one year. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income. Land is not subject to depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets as described below:

	Years
Building and improvements	10 - 40
Land improvements	10 - 40
Furniture and fixtures	5 - 20
Vehicles	5 - 20
Computer and software	5 - 20
Leasehold improvements	Shorter of the useful life or the lease term

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Organization assesses recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Organization determines the carrying value of the asset may not be recoverable, it measures any impairment based on the asset's fair value as compared to the asset's carrying value. Management determined that no long-lived assets were impaired at September 30, 2022 and 2021.

Program Credits Payable

GSHH rewards program credits to eligible Girl Scouts for their participation in the Product Sales program. All rewards earned through the Product Sales program must fund legitimate program experiences and can be used to offset the cost to participate in programs offered by GSHH. Rewards are not based on a dollar per dollar calculation, but instead are based on bands or ranges. Each year these credits are awarded with an expiration of three years from the original date of issuance. Program credits are recorded as revenue if not used by the Girl Scouts in the year of expiration.

Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the IRC, and from state income taxes.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under this guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. Specifically, salaries and related expenses, supplies, insurance, professional fees, travel and transportation, equipment and maintenance, assistance to individuals, occupancy, communication, conferences, conventions and meetings, and other miscellaneous expenses which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on estimates of time and effort incurred by personnel.

Girl Scout Troop Activity

Cash is held by troops and groups under GSHH's federal identification number but not under its control. GSHH has no signature authority over the accounts and will not access the funds as long as a troop or group is functioning according to Girl Scout policies and procedures. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers.

The accompanying financial statements do not include financial data for individual Girl Scout troops and other groups such as service units and committees.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on GSHH's previously reported change in net assets.

Prior-Year Summarized Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense classifications. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with GSHH's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement

Contributed Nonfinancial Assets

In September 2020, FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets ("ASU 2020-07").* ASU 2020-07 increases the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Organization adopted ASU 2020-07 as of October 1, 2021, and has determined that the application of ASU 2020-07 did not have a material impact on the Organization's financial statements and related disclosures.

Accounting Pronouncements Issued but not yet Effective

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. In July 2018, FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening statement of financial position. In November 2019, FASB issued ASU No. 2019-10 *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842).* ASU No. 2019-10 amended the effective date for ASU 2016-02 and related amendments. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Lease*s (Topic 842) ("ASU 2020-05"). ASU 2020-05 provided for an optional election to defer the effective date for Topic 842 and related amendments for an additional year. Entities may elect to adopt the guidance on the adoption of Topic 842 for annual reporting periods beginning after December 15, 2021. The Organization has determined to defer Topic 842 and is evaluating the impact this new guidance will have on its financial statements and related disclosures.

Credit Losses

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). Under current U.S. GAAP, entities generally recognize credit losses when it is probable that the loss has been incurred. The guidance under ASU 2016-13 will remove all current recognition thresholds and will require entities under the new current expected credit loss ("CECL") model to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that an entity expects to collect over the instrument's contractual life. The new CECL model is based upon expected losses rather than incurred losses. The ASU is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the effect that ASU 2016-13 will have on its financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated subsequent events through August 14, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Notes 8 and 9, the Organization did not identify any other material subsequent events requiring adjustment to or disclosure in its financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of September 30, 2022:

Financial assets at year end:	
Cash and cash equivalents	$ 3,118,276
Accounts receivable, net	44,367
Investments	1,735,818
Beneficial interest in perpetual trust	107,473
Employee retention credit	765,564
Total financial assets at year end	5,771,498
Less amounts not available to be used within one year:	
Funds with contractual or donor-imposed restrictions held in cash and investments:	
Net assets with donor restrictions	(1,315,312)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,456,186

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, excess cash is invested in short-term investments, including equities and mutual funds. In the event of an unanticipated liquidity need, the Organization can also draw upon the line of credit (see Note 9).

NOTE 4. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

(a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost); and

(c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables summarize the Organization's assets measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of September 30, 2022 and 2021:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at September 30, 2022	Valuation Technique
Equities - consumer goods	$ 991,828	$ -	$ -	$ 991,828	(a)
Mutual funds - bonds	742,001	-	-	742,001	(a)
Mutual funds - equity funds	1,989	-	-	1,989	(a)
Total investments	$ 1,735,818	$ -	$ -	$ 1,735,818	
Beneficial interest in perpetual trust	$ -	$ -	$ 107,473	$ 107,473	(c)

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at September 30, 2021	Valuation Technique
Equities - consumer goods	$ 1,194,678	$ -	$ -	$ 1,194,678	(a)
Mutual funds - bonds	693,704	-	-	693,704	(a)
Mutual funds - equity funds	1,989	-	-	1,989	(a)
Total investments	$ 1,890,371	$ -	$ -	$ 1,890,371	
Beneficial interest in perpetual trust	$ -	$ -	$ 137,187	$ 137,187	(c)

Investment return for the years ended September 30, 2022 and 2021, are as follows:

	2022	2021
Interest and dividends, net	$ 32,190	$ 71,879
Realized gain on sale of investments	166,069	62,992
Unrealized gain (loss) on investments	(507,972)	301,407
	$ (309,713)	$ 436,278

The following table reflects the changes in investments measured at fair value using Level 3 inputs during the years ended September 30, 2022 and 2021:

	2022	2021
Beginning balance - October 1	$ 137,187	$ 119,218
Total unrealized gain (loss), included in change in net assets	(29,714)	17,969
Ending balance - September 30	$ 107,473	$ 137,187

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following are descriptions of the valuation methodologies used for assets measured at fair value:

Equities: valued at the quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

Mutual funds: valued at quoted market prices, which represent the net asset value of the securities held in such funds.

Beneficial interest in perpetual trust: valued at the unadjusted fair value of trust assets reported by the trustee, which the Organization considers to be a Level 3 measurement within the fair value measurement hierarchy since the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

NOTE 5. BENEFICIAL INTEREST IN PERPETUAL TRUST

GSHH is a beneficiary of a perpetual trust (the "Trust") set up by Isabel K. Benjamin. The Trust's assets consist of cash and mutual funds. The Trust agreement requires the funds to reinvest and to collect the income in perpetuity and pay 50% of income to GSHH to be used for the general purposes of GSHH. At September 30, 2022 and 2021, the fair value of GSHH's beneficial interest in the Trust was $107,473 and $137,187, respectively.

NOTE 6. ENDOWMENT

GSHH currently maintains various donor-restricted endowment funds whose purposes are to provide long-term support of its programs. In classifying such funds for financial statement purposes as either with donor restrictions or without donor restrictions, the board of directors looks to the explicit directions of the donors. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The income generated by the donor-restricted endowment funds is available for the Organization's general operations and programs of GSHH and is recorded as net assets with donor restrictions until appropriated for expenditure.

The objective of GSHH is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in conservative investments such as mutual funds. Interest earned in relation to the endowment funds is recorded as income with donor restrictions and released from restrictions upon expenditure for the program for which the endowment fund was established.

NOTE 6. ENDOWMENT (CONTINUED)

The following is a reconciliation of the activity in the endowment funds for the years ended September 30, 2022 and 2021:

		With Donor Restrictions
Balance - September 30, 2021	$	876,989
Investment loss		(43,829)
Balance - September 30, 2022	$	833,160
Comprised of the following:		
Donor-restricted funds for purpose	$	421,070
Donor endowment - to be held in perpetuity		412,090
	$	833,160

		With Donor Restrictions
Balance - September 30, 2020	$	560,418
Investment income		316,571
Balance - September 30, 2021	$	876,989
Comprised of the following:		
Donor-restricted funds for purpose	$	464,899
Donor endowment - to be held in perpetuity		412,090
	$	876,989

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2022 and 2021:

		2022		2021
Land	$	254,331	$	254,331
Land improvements		1,466,835		1,466,835
Leasehold improvements		13,498		13,498
Building and improvements		13,468,336		13,210,891
Furniture and fixtures		1,904,442		1,896,094
Vehicles		455,399		455,399
Computer and software		588,685		579,299
		18,151,526		17,876,347
Less: accumulated depreciation		12,263,530		11,783,530
Property and equipment, net	$	5,887,996	$	6,092,817

NOTE 8. PROPERTY HELD-FOR-SALE

Property held-for-sale at September 30, 2022 and 2021, consisted of the following:

	2022	2021
Property and equipment	$ 597,447	$ 597,447
Less: accumulated depreciation	492,905	492,905
Property held-for-sale, net	$ 104,542	$ 104,542

During the year ended September 30, 2020, the board of directors of the Organization decided to sell one property located in New York. Accordingly, at the date of this decision, the cost of the property, net of its accumulated depreciation, was reclassified to property held-for-sale, and no further depreciation has been recorded. In December 2022, the sale of the property was finalized.

NOTE 9. LINE OF CREDIT

The Organization has a $750,000 revolving line of credit which bears interest at a per annum rate equal to London Interbank Offered Rate ("LIBOR") plus 1.50% (4.49% and 1.50% at September 30, 2022 and 2021, respectively). The line of credit is secured by certain of GSHH's investment accounts and expires on August 31, 2024. In March 2023, the revolving line of credit was amended for the interest rate to be calculated at the one-month Secured Overnight Financing Rate ("SOFR") plus 1.50%. The bank requires the line of credit to be at least 50% of the market value of the pledged investment account. At September 30, 2022 and 2021, there were no outstanding borrowings under the line of credit. Interest expense for the years ended September 30, 2022 and 2021, was $0 and $5,810, respectively.

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with purpose restrictions were available for Girl Scout programs and campership in the amount of $795,749 and $742,457 at September 30, 2022 and 2021, respectively.

During the years ended September 30, 2022 and 2021, net assets released from restrictions consisted of Girl Scout programs and campership in the amount of $40,536 and $209,361, respectively.

GSHH's net assets to be held in perpetuity consist of a beneficial interest in a perpetual trust and endowment fund assets, the income from which is expendable to support the following at September 30, 2022 and 2021:

	2022	2021
Girl Scout programs and training	$ 401,960	$ 401,960
Beneficial interest in a perpetual trust	107,473	137,187
Capital improvements	10,130	10,130
	$ 519,563	$ 549,277

NOTE 11. RENTAL COMMITMENTS

GSHH leases equipment, storage and store space under various non-cancelable operating leases, which will continue through July 2025. Rental payments during the terms of individual leases range from $1,850 to $2,950. Equipment lease expense for the years ended September 30, 2022 and 2021, amounted to $52,814 and $7,022, respectively. Facility lease expense for the years ended September 30, 2022 and 2021, amounted to $99,418 and $83,162, respectively.

At September 30, 2022, future obligations under the leases are payable as follows:

Year Ending September 30:	Amount
2023	$ 57,743
2024	58,109
2025	41,276
	$ 157,128

NOTE 12. PENSION PLANS

Multi-Employer - GSHH participates in the National Girl Scout Council Retirement Plan (EIN 13-1624016, Plan #002) (the "Plan"). The Plan is a multi-employer, noncontributory, defined benefit pension plan sponsored by Girl Scouts of the United States of America ("GSUSA"). Effective July 31, 2010, the Plan was frozen to new entrants and to further benefits accruals for existing participants, although previously earned benefits can continue to vest. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010, are based on years of service and salary levels.

GSHH made contributions into the Plan of $264,346 and $252,967 for the years ended September 30, 2022 and 2021, respectively. GSHH is unable to provide additional quantitative information about total plan assets and accumulated benefit obligations without undue cost and effort. The Plan has implemented a funding improvement strategy, in which, the Plan was not required to pay a surcharge. Due to the nature of the Plan, no additional liability is required to be recognized at this time; however, it is projected that GSHH's contribution requirements will continue to increase.

403(b) - Additionally, GSHH has a 403(b) tax-deferred annuity retirement plan which covers all employees who meet specific eligibility requirements. GSHH ceased making employer contributions as of April 30, 2009.

NOTE 13. RELATED-PARTY TRANSACTIONS

GSUSA - GSHH is a separately incorporated 501(c)(3) organization chartered by GSUSA to deliver the Girl Scout program in New York's Hudson Valley. Based on the charter, GSHH collects membership dues on behalf of GSUSA from program participants. The dues are recorded as a liability by GSHH upon collection. For the year ended September 20, 2022, GSHH did not collect membership dues on behalf of GSUSA and the membership dues went directly to GSUSA. The amount collected on behalf of GSUSA for the year ended September 30, 2021, was approximately $445,000.

GSHH also purchases inventory for its council shops from GSUSA. Total purchases of inventory were approximately $249,000 and $105,000 for the years ended September 30, 2022 and 2021, respectively.

NOTE 13. RELATED-PARTY TRANSACTIONS (CONTINUED)

GSUSA provided pension relief to the councils included in the pension plan. There was no financial assistance received for the year ended September 30, 2022. Total financial assistance received for the year ended September 30, 2021, was $46,434.

As of September 30, 2022 and 2021, included in "Accounts payable and accrued expenses" on the accompanying statement of financial position, were amounts due to GSUSA of $58,201 and $51,458, respectively.

NOTE 14. CONCENTRATIONS OF CREDIT RISK

For the years ended September 30, 2022 and 2021, product sales, net of costs, accounted for approximately 78% and 57%, respectively, of total support and revenue.

For the years ended September 30, 2022 and 2021, one vendor accounted for approximately 81**%** and 74%, respectively, of total product sale costs.

NOTE 15. CONTINGENCIES

Litigation

The Organization is, from time to time, involved in ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Organization's financial position, results of activities or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Organization's financial position, results of activities or cash flows for the period in which the ruling occurs.

Recent Events Relating to the Disruption in the U.S. Banking System

In March 2023, the shutdown of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy and restoring public confidence in the U.S. banking system. Additional financial institution failures may occur in the near term that may limit access to short-term liquidity or have adverse impacts to the economy. As disclosed in Note 2, the Organization maintains cash amounts in excess of federally insured limits in the aggregate amount of $327,062, as of September 30, 2022, and has certain concentrations in credit risk that expose the Organization to risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

NOTE 16. PAYCHECK PROTECTION PROGRAM AND EMPLOYEE RETENTION CREDIT

Paycheck Protection Program

On April 17, 2020, the Organization received loan proceeds of $651,621 ("PPP 1") under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security (the "CARES") Act,

NOTE 16. PAYCHECK PROTECTION PROGRAM AND EMPLOYEE RETENTION CREDIT (CONTINUED)

Paycheck Protection Program (Continued)

provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

On March 18, 2021, the Organization received additional loan proceeds of $651,620 ("PPP 2") under the PPP. The PPP 2 loan matures five years from the date of disbursement of proceeds to the Organization (the "PPP 2 Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred until 10 months after the end of the covered period, and are payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP 2 Loan Date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a not-for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Organization, mainly related to the third-party approval process for forgiveness.

The Organization applied for PPP 1 loan forgiveness and received approval from the Small Business Administration ("SBA") in June 2021. The Organization applied for PPP 2 loan forgiveness and received approval from the SBA in April 2022. If it is determined that the Organization was not eligible to receive the PPP loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's loan program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

Employee Retention Tax Credit

The Employee Retention Tax Credit ("ERTC"), as it existed under the CARES Act, was not available to taxpayers that received a PPP loan. Provisions in the Consolidated Appropriations Act of 2021 removed this restriction and allowed businesses that qualify for the ERTC to retroactively apply for the ERTC so long as the same wages are not used for both PPP loan forgiveness and the ERTC. Management has determined it is probable that the Organization is eligible for and meets all the conditions to qualify for

NOTE 16. PAYCHECK PROTECTION PROGRAM AND EMPLOYEE RETENTION CREDIT (CONTINUED)

Employee Retention Tax Credit (Continued)

the ERTC. The Organization submitted amended quarterly payroll tax returns claiming to recover $765,564. The ERTC represents a conditional grant from the federal government and has been accounted for in accordance with ASC 958-605 *Not-for-Profit Entities: Revenue Recognition*. Such amounts have been included as grant and contracts in the accompanying statement of activities for the year ended September 30, 2021. However, there can be no assurances that the Organization will ultimately meet the conditions of the ERTC or realize the amount of the credits claimed, in whole or in part.