

**GIRL SCOUTS OF LOUISIANA –  
PINES TO THE GULF, INC.**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Girl Scouts of Louisiana – Pines to the Gulf, Inc.  
Lafayette, Louisiana

We have audited the accompanying financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of September 30, 2019 and 2018, 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.

**Emphasis of Matter**

As described in Note 1 to the financial statements, in the fiscal year ending September 30, 2019, the Council adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

**Other Matters**

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of compensation, benefits and other payments to agency head, and cookie revenue and expense are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2020, on our consideration of Girl Scouts of Louisiana – Pines to the Gulf, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Girl Scouts of Louisiana – Pines to the Gulf, Inc.'s internal control over financial reporting and compliance.



Lafayette, Louisiana  
January 13, 2020

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$1,647,121	\$1,323,386
Other receivables, net	2,937	22,243
Inventory	136,906	128,435
Accrued interest receivable	4,020	4,290
Prepaid expenses	<u>13,445</u>	<u>24,540</u>
Total current assets	<u>\$1,804,429</u>	<u>\$1,502,894</u>
INVESTMENTS, at market value	<u>\$1,308,808</u>	<u>\$1,767,118</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>\$1,076,171</u>	<u>\$1,089,765</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents	\$ 9,892	\$ 9,859
Investments, at market value	<u>42,754</u>	<u>41,310</u>
Total restricted assets	<u>\$ 52,646</u>	<u>\$ 51,169</u>
Total assets	<u>\$4,242,054</u>	<u>\$4,410,946</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable – current	\$ 118,764	\$ 135,333
Accounts payable	58,325	51,351
Accrued expenses	81,681	100,941
Deferred support	<u>10,974</u>	<u>2,535</u>
Total current liabilities	<u>\$ 269,744</u>	<u>\$ 290,160</u>
<b>OTHER LIABILITIES</b>		
Custodial funds	<u>\$ 60,825</u>	<u>\$ 62,559</u>
Total liabilities	<u>\$ 330,569</u>	<u>\$ 352,719</u>
<b>NET ASSETS</b>		
With donor restrictions	\$ 64,972	\$ 69,153
Without donor restrictions	<u>3,846,513</u>	<u>3,989,074</u>
Total net assets	<u>\$3,911,485</u>	<u>\$4,058,227</u>
Total liabilities and net assets	<u>\$4,242,054</u>	<u>\$4,410,946</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF ACTIVITIES  
For the Year Ending September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Public support –			
Annual giving	\$ 13,505	\$ 1,535	\$ 15,040
Grants and donations	38,559	9,600	48,159
United Way allocations	<u>39,392</u>	<u>25,000</u>	<u>64,392</u>
Total public support	<u>\$ 91,456</u>	<u>\$ 36,135</u>	<u>\$ 127,591</u>
Program revenue –			
Cookie sales:			
Gross revenue	\$ 3,445,269		
Direct costs	<u>1,063,444</u>	\$ 2,381,825	\$ 2,381,825
Fall product sales:			
Gross revenue	\$ 131,396		
Direct costs	<u>46,196</u>	85,200	85,200
Sales of supplies:			
Gross revenue	\$ 176,913		
Direct costs	<u>120,926</u>	55,987	55,987
Program service fees:			
Day camp and other program fees	<u>46,181</u>	-	<u>46,181</u>
Total program revenues	<u>\$ 2,569,193</u>	<u>\$ -</u>	<u>\$ 2,569,193</u>
Other revenue (expenses), gains and (losses):			
Net investment income	\$ 45,717	\$ 1,477	\$ 47,194
Other miscellaneous revenue (expenses)	<u>4,414</u>	<u>-</u>	<u>4,414</u>
Total other revenue	<u>\$ 50,131</u>	<u>\$ 1,477</u>	<u>\$ 51,608</u>
Net assets released from restrictions	<u>\$ 41,793</u>	<u>\$ (41,793)</u>	<u>\$ -</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u><b>\$ 2,752,573</b></u>	<u><b>\$ (4,181)</b></u>	<u><b>\$ 2,748,392</b></u>
<b>EXPENSES:</b>			
Program services	\$ 2,285,678	\$ -	\$ 2,285,678
Supporting services –			
Management and general	423,579	-	423,579
Fundraising	<u>185,877</u>	<u>-</u>	<u>185,877</u>
Total expenses	<u>\$ 2,895,134</u>	<u>\$ -</u>	<u>\$ 2,895,134</u>
Change in net assets	\$ (142,561)	\$ (4,181)	\$ (146,742)
Net assets at beginning of year	<u>3,989,074</u>	<u>69,153</u>	<u>4,058,227</u>
Net assets at end of year	<u>\$ 3,846,513</u>	<u>\$ 64,972</u>	<u>\$ 3,911,485</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF ACTIVITIES  
For the Year Ending September 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Public support –			
Annual giving	\$ 13,378	\$ 1,135	\$ 14,513
Grants and donations	48,722	14,040	62,762
United Way allocations	<u>43,505</u>	<u>27,600</u>	<u>71,105</u>
Total public support	<u>\$ 105,605</u>	<u>\$ 42,775</u>	<u>\$ 148,380</u>
Program revenue –			
Cookie sales:			
Gross revenue	\$ 3,393,070		
Direct costs	<u>1,082,460</u>	\$ 2,310,610	\$ -
Fall product sales:			
Gross revenue	\$ 106,714		
Direct costs	<u>49,428</u>	57,286	-
Sales of supplies:			
Gross revenue	\$ 176,539		
Direct costs	<u>87,569</u>	88,970	-
Program service fees:			
Day camp and other program fees	<u>28,171</u>	<u>-</u>	<u>28,171</u>
Total program revenues	<u>\$ 2,485,037</u>	<u>\$ -</u>	<u>\$ 2,485,037</u>
Other revenue (expenses), gains and (losses):			
Net investment income	\$ 136,362	\$ 4,836	\$ 141,198
Other miscellaneous revenue (expenses)	<u>49,703</u>	<u>(770)</u>	<u>48,933</u>
Total other revenue	<u>\$ 186,065</u>	<u>\$ 4,066</u>	<u>\$ 190,131</u>
Net assets released from restrictions	<u>\$ 47,782</u>	<u>\$ (47,782)</u>	<u>\$ -</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>\$ 2,824,489</u>	<u>\$ (941)</u>	<u>\$ 2,823,548</u>
<b>EXPENSES:</b>			
Program services	\$ 2,476,800	\$ -	\$ 2,476,800
Supporting services –			
Management and general	434,099	-	434,099
Fundraising	<u>192,928</u>	<u>-</u>	<u>192,928</u>
Total expenses	<u>\$ 3,103,827</u>	<u>\$ -</u>	<u>\$ 3,103,827</u>
Change in net assets	\$ (279,338)	\$ (941)	\$ (280,279)
Net assets at beginning of year	<u>4,268,412</u>	<u>70,094</u>	<u>4,338,506</u>
Net assets at end of year	<u>\$ 3,989,074</u>	<u>\$ 69,153</u>	<u>\$ 4,058,227</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending September 30, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$1,078,215	\$ 253,105	\$ 105,608	\$1,436,928
Staff health and retirement benefits	274,507	64,439	26,887	365,833
Payroll taxes	82,534	19,374	8,084	109,992
Total salaries and benefits	<u>\$1,435,256</u>	<u>\$ 336,918</u>	<u>\$ 140,579</u>	<u>\$1,912,753</u>
Advertising and promotion	\$ -	\$ 23,371	\$ -	\$ 23,371
Office expense	24,482	24,578	552	49,612
Bad debts	-	21,238	-	21,238
Professional fees	10,890	34,005	-	44,895
Telephone	908	93,215	-	94,123
Janitorial	-	6,840	-	6,840
Postage	193	11,170	-	11,363
Utilities	37,492	-	-	37,492
Incentives	108,979	-	-	108,979
Insurance	4,699	44,575	-	49,274
Interest expense	5,828	-	-	5,828
Printing	13,672	2,576	-	16,248
Travel	43,475	14,404	1,244	59,123
Repairs and maintenance	84,660	29,682	-	114,342
Rental fees	29,848	58,469	-	88,317
Small equipment rentals and purchases	4,028	20,502	-	24,530
Dues and subscriptions	-	4,030	834	4,864
Conferences and training	-	3,802	33	3,835
Specific assistance	61,659	-	-	61,659
Depreciation	-	92,588	-	92,588
Direct program expenses	45,840	-	-	45,840
Indirect expense allocation	371,259	(407,623)	36,364	-
Council meetings	223	73	276	572
Workers' compensation	-	8,711	-	8,711
Other	2,287	455	5,995	8,737
Total operating expenses	<u>\$ 850,422</u>	<u>\$ 86,661</u>	<u>\$ 45,298</u>	<u>\$ 982,381</u>
Total expenses	<u>\$2,285,678</u>	<u>\$ 423,579</u>	<u>\$ 185,877</u>	<u>\$2,895,134</u>
Percentage of expenses by function to total expenses	<u>79.0%</u>	<u>14.6%</u>	<u>6.4%</u>	<u>100.0%</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending September 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$1,117,802	\$ 255,840	\$ 106,270	\$1,479,912
Staff health and retirement benefits	235,861	53,983	22,423	312,267
Payroll taxes	86,004	19,684	8,176	113,864
Total salaries and benefits	<u>\$1,439,667</u>	<u>\$ 329,507</u>	<u>\$ 136,869</u>	<u>\$1,906,043</u>
Advertising and promotion	\$ -	\$ 24,219	\$ -	\$ 24,219
Office expense	22,269	31,109	4,643	58,021
Bad debts	-	64,145	-	64,145
Professional fees	10,414	26,396	-	36,810
Telephone	3,280	95,294	-	98,574
Janitorial	-	6,035	-	6,035
Postage	211	11,561	-	11,772
Utilities	36,361	197	-	36,558
Incentives	183,558	-	-	183,558
Insurance	5,403	63,345	-	68,748
Interest expense	6,567	4	-	6,571
Printing	15,551	368	-	15,919
Travel	51,523	16,670	2,512	70,705
Repairs and maintenance	83,351	24,261	-	107,612
Rental fees	27,563	53,787	-	81,350
Small equipment rentals and purchases	11,382	36,197	-	47,579
Dues and subscriptions	-	2,610	1,649	4,259
Conferences and training	480	9,955	-	10,435
Specific assistance	82,732	-	-	82,732
Depreciation	-	93,388	-	93,388
Direct program expenses	66,843	-	-	66,843
Indirect expense allocation	424,219	(464,550)	40,331	-
Council meetings	1,698	105	624	2,427
Workers' compensation	-	8,558	-	8,558
Other	3,728	938	6,300	10,966
Total operating expenses	<u>\$1,037,133</u>	<u>\$ 104,592</u>	<u>\$ 56,059</u>	<u>\$1,197,784</u>
Total expenses	<u>\$2,476,800</u>	<u>\$ 434,099</u>	<u>\$ 192,928</u>	<u>\$3,103,827</u>
Percentage of expenses by function to total expenses	<u>79.8%</u>	<u>14.0%</u>	<u>6.2%</u>	<u>100.0%</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (146,742)	\$ (280,279)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	92,588	93,388
Bad debt expense	21,238	64,145
Net realized and unrealized (gain) loss on investments	53,446	(71,178)
Decrease (increase) in assets –		
Other receivables	(1,932)	(65,588)
Inventory	(8,471)	41,384
Accrued interest receivable	270	(2,967)
Prepaid expenses	11,095	(7,619)
Increase (decrease) in liabilities –		
Accounts payable	6,974	36,471
Accrued expenses	(19,260)	(49,438)
Deferred support	8,439	1,545
Custodial funds	(1,734)	5,771
Net cash provided by (used in) operating activities	<u>\$ 15,911</u>	<u>\$ (234,365)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	\$ (78,994)	\$ (190,928)
Purchase of investments	(1,502,580)	(1,471,885)
Proceeds from sale of investments	<u>1,906,000</u>	<u>1,920,000</u>
Net cash provided by investing activities	<u>\$ 324,426</u>	<u>\$ 257,187</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	<u>\$ (16,569)</u>	<u>\$ (15,830)</u>
Net increase in cash and cash equivalents	\$ 323,768	\$ 6,992
Cash and cash equivalents at beginning of year	<u>1,333,245</u>	<u>1,326,253</u>
Cash and cash equivalents at end of year	<u>\$ 1,657,013</u>	<u>\$ 1,333,245</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	<u>\$ 5,828</u>	<u>\$ 6,571</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS</b>		
Cash and cash equivalents – current	\$ 1,647,121	\$ 1,323,386
Cash and cash equivalents – restricted	<u>9,892</u>	<u>9,859</u>
	<u>\$ 1,657,013</u>	<u>\$ 1,333,245</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Girl Scouts of Louisiana – Pines to the Gulf, Inc. (the “Council”) was created on January 1, 2008 through the merger of three existing Girl Scout Councils within Louisiana. The Council is incorporated in the State of Louisiana as a nonprofit organization as of January 1, 2008. The purpose of the Council is to build girls of courage, confidence and character who make the world a better place.

Basis of presentation:

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Council reports information regarding its financial position and activities according to two classes of net assets. Net assets without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets whose use is limited by donor-imposed time and or purpose restrictions are reported as net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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:

For purposes of the statements of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables:

Other receivables consist primarily of amounts due from troops for cookie sales and other miscellaneous items. An allowance for uncollectible accounts is estimated based on management experience of potential bad debts. At September 30, 2019 and 2018 and allowance of \$-0- and \$45,585 was recognized in the financial statements respectively. Uncollected receivables are charged off against the allowance when no longer deemed collectible.

## NOTES TO FINANCIAL STATEMENTS

### Investments:

Investments are valued at market. Interest, dividends, and realized and unrealized gains and losses are recognized within the statements of activities as investment income.

### Inventories:

Inventories are valued at the lower of cost (as determined by use of average cost method) or market. Market is considered as the lower of either estimated replacement cost or estimated net realizable value.

### Property, plant, and equipment:

Property, plant, and equipment are stated at cost. Additions of new equipment, major renewals and replacements of existing equipment are capitalized. Repairs and minor replacements that do not materially increase values or extend useful lives are expensed. Cost and accumulated depreciation are removed from the accounts when assets are sold or retired, and the resulting gains or losses are included in income.

Depreciation of property and equipment is computed using the straight-line method based upon the expected useful lives of the various classes of assets as follows:

	<u>Years</u>
Buildings and improvements	5 – 40
Office equipment	5 – 18
Camp equipment	5 – 10

### Revenue recognition:

All grants are recorded as revenue when the grant is earned. Donations are recorded at fair value at the date of donation and, if restricted by donor, are reflected as temporarily restricted net assets until those restrictions are satisfied. Program revenues including sales of cookies, supplies and other items as well as program fees are recognized when earned.

### Pension plan:

A non-contributory pension plan exists for all Council employees who satisfy the plan's age and service requirements. The plan is administered by a trustee and the pension plan contributions are invested. The Council's policy is to expense amounts contributed to the plan in the year of contribution. As of July 31, 2010, the plan was frozen with no new benefits to employees accruing beyond that date.

### Advertising:

The Council uses advertising to promote its programs among the audiences it serves. Advertising and promotion costs are expensed as incurred. These costs amounted to \$23,371 and \$16,722 in 2019 and 2018, respectively.

## NOTES TO FINANCIAL STATEMENTS

### Employee benefit plan:

On January 1, 2008, the Council adopted the 401(k) plan that had been established by the Bayou Council effective January 1, 2001. The plan is to provide retirement benefits for employees. Any full-time employee over the age of 21, who has been employed by the Council for one year and has completed 1,000 hours of service, is eligible to participate. Participants may contribute to the plan by deferring up to 15% of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year. The Council will match 50% of the participants' contribution up to 6% of the employee's compensation. The amount included in expense for the fiscal years ended September 30, 2019 and 2018 were \$17,066 and \$14,300, respectively.

### Income taxes:

The Council is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Nonprofit organizations are not taxable under the laws of the State of Louisiana. The Council's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS generally for three years after they are filed.

### Functional expenses:

Expenses are allocated on a functional basis among three categories: program services, management and general, and fundraising. Some expenses are allocated directly to the program service benefited. All other expenses are allocated in relation to salaries attributable for the program service or support service to total salaries for the Council.

### New accounting pronouncement:

During the year ending September 30, 2019 the Council adopted the requirements of Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14, "*Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*". This update significantly amended the standards for presentation and accompanying disclosures of the financial statements of nonprofit organizations. This ASU simplifies and improves the manner in which a nonprofit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, availability of resources, information provided about expenses and investment return. A key change required by this update is the net asset classes used in these financial statements. Amount previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. Information regarding liquidity has also been added.

The 2018 financial statements have been restated to conform to the 2019 presentation and disclosure requirements of ASU 2016-14. As a result, previously reported temporarily restricted net assets is now reported as net assets with donor restrictions. Previously reported unrestricted net assets is now reported as net assets without donor restrictions.

## NOTES TO FINANCIAL STATEMENTS

### Recent accounting pronouncements:

The Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* as amended. This ASU is a comprehensive new revenue recognition standard that will supercede nearly all existing revenue recognition guidance under U.S. GAAP. All revenue generated through exchange transactions will be subject to the standard. For the Council this is primarily membership dues, sales of products, sponsorships and special events. This update is effective for fiscal years beginning after December 15, 2018. The Council is currently evaluating the impact of this guidance on the financial statements.

The Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2018-08, *Non Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance presented in Topic 958 "Not for Profit Entities" of the FASB's Accounting Standards Codification (ASC) for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between condition and unconditional contributions. This update is applicable to contributions received for annual periods beginning after December 15, 2018. The Council is currently evaluating the impact of this guidance on the financial statements.

### Reclassifications:

Certain reclassifications have been made within the 2018 financial statements in order to be consistent with the 2019 presentation. These reclassifications had no effect on total net assets or the change in net assets during 2018 as previously stated.

### Note 2. Investments

Investments as of September 30, 2019 and 2018 consisted of the following:

	2019	2018
Mutual funds	\$ 776,525	\$ 769,623
Exchange traded funds	51,995	51,578
Certificates of deposit	480,288	945,917
Investments – unrestricted	\$ 1,308,808	\$ 1,767,118
Mutual funds – restricted	42,754	41,310
 Total investments	 \$ 1,351,562	 \$ 1,808,428

Total investment return during the years ending September 30, 2019 and 2018 amounted to a net gain of \$47,194 and \$141,198, respectively. These amounts were comprised of \$100,640 and \$70,020 in interest and gain distributions in 2019 and 2018, respectively, and net gains (losses) in the fair value of investments of \$(53,446) in 2019 and \$71,178 in 2018. The carrying amount of investments pledged as collateral against notes payable amounted to \$837,345.

## NOTES TO FINANCIAL STATEMENTS

Note 3. Inventory

Inventory as of September 30, 2019 and 2018 consisted of the following:

	2019	2018
Badges, patches, pins, booklets, and uniforms	\$ 136,906	\$ 128,435

Note 4. Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 2019 and 2018 consisted of the following:

	2019	2018
Land and improvements	\$ 184,429	\$ 164,728
Buildings and improvements	1,800,845	1,767,395
Furniture and equipment	665,776	639,932
Camp sewer treatment plant	320,918	320,918
	\$ 2,971,968	\$ 2,892,973
Less: accumulated depreciation	(1,895,797)	(1,803,208)
	\$ 1,076,171	\$ 1,089,765

Note 5. Pension Expense

The council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. 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.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2019. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2018 and 2019 were \$32.4 million and \$32.2 million, respectively. The aggregate annual contributions decreased from 2018 to 2019 due to the spinoff of Girl Scouts of Louisiana East, effective May 1, 2018. Aggregate contributions to be made in fiscal 2020 are expected to be \$32.2 million.

## NOTES TO FINANCIAL STATEMENTS

The Council's contributions made in fiscal years 2019 and 2018 are \$217,232 and \$205,824, respectively.

### Note 6. Concentration of Credit Risk and Revenue Concentration

Substantially, all of the Council's public support is derived from donations in northern and southwestern Louisiana. Allocations from local United Way agencies provided approximately 50% and 48% of public support during the years ending September 30, 2019 and 2018, respectively.

The Council's major program event is its annual cookie sale. This event accounted for approximately 87% and 82% of total public support and revenue during the years ending September 30, 2019 and 2018, respectively.

Throughout the year, the Council had deposits and investments in excess of insurance coverages by the FDIC and SIPC. However, the Council does not anticipate any losses related to these uninsured amounts.

### Note 7. Operating Lease

The Council renewed a lease for office space in Lake Charles in January, 2019. This lease had a lease term of 12 months beginning January 1 and ending December 31, 2019. Monthly rental payments are \$1,310 per month. Total rental expense associated with this lease amounted to \$15,530 and \$13,900 in 2019 and 2018, respectively.

The Council entered into a three year lease for office space in Alexandria in August 2016. Terms of this lease called for monthly payments of \$250 per month through August 30, 2019. Rent is payable in advance on the first day of each month during the term of the lease. Rental expense associated with this lease was \$3,000 in 2019 and 2018. As of September 30, 2019, this lease was in the process of being renewed.

The Council entered into a one year lease for office space in Monroe in August 2019. Terms of this lease call for monthly payments of \$945 per month through August 2020. Rent is payable on the first day of each month during the term of the lease. Prior to that the Council had a month to month lease for the office in Monroe. Total rental expense associated with these leases amounted to \$12,528 and \$11,904 in 2019 and 2018, respectively.

Future minimum rental payments associated with these leases are as follows:

2020	\$ 13,380
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NOTES TO FINANCIAL STATEMENTS

Note 8. Note Payable

Note payable to the bank as of September 30 consisted of the following:

	2019	2018
Note payable to the bank, due on demand or in monthly payments, including principal and interest of \$1,866, remaining principal and interest due at maturity. Maturing on October 10, 2025, interest rate of 4.5% secured by assignment of brokerage investment account with a carrying value of \$837,345 and \$816,213 at 2019 and 2018, respectively.	<u>\$ 118,764</u>	<u>\$ 135,333</u>

The entire balance of this note was classified as current due to the due on demand clause within the note. Maturities of this note for each of the next five years, if the bank does not exercise the due on demand clause, are expected to be as follows:

2020	\$ 17,417
2021	18,217
2022	19,053
2023	19,929
2024	20,844
2025 and thereafter	<u>23,304</u>
	<u>\$ 118,764</u>

Note 9. Net Assets

Net assets consisted of the following as of September 30:

	2019	2018
With donor restrictions:		
Restricted for specified purpose	\$ 12,326	\$ 17,984
Endowment – future income	<u>52,646</u>	<u>51,169</u>
	<u>\$ 64,972</u>	<u>\$ 69,153</u>
Without donor restrictions:		
Property, plant, and equipment	\$ 1,076,171	\$ 1,089,765
Designated – Elsie Webb	785,061	805,529
Designated – Nora Duncan	10,669	-
Designated – capital improvements	18,000	-
Designated – camp improvements	157,822	185,972
Undesignated	<u>1,798,790</u>	<u>1,907,808</u>
	<u>\$ 3,846,513</u>	<u>\$ 3,989,074</u>

Net assets released from restrictions during the years ending September 30, 2019 and 2018 were as follows:

	2019	2018
Time and purpose restrictions satisfied	<u>\$ 41,793</u>	<u>\$ 47,782</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

#### *Investment Securities*

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

In accordance with ASC 820, the Council groups assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. For example, municipal securities valuations are based on markets that are currently offering similar financial products. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Below is a table that presents information about certain assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>As of September 30, 2019</u>		<u>Fair Value</u>		
Unrestricted:				
Certificates of deposit	\$ 480,288	\$ -	\$ -	\$ 480,288
Mutual funds	776,525	776,525	-	-
Exchange traded funds	<u>51,995</u>	<u>51,995</u>	<u>-</u>	<u>-</u>
	\$ 1,308,808	\$ 828,520	\$ -	\$ 480,288
Restricted:				
Mutual funds	<u>42,754</u>	<u>42,754</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,351,562</u>	<u>\$ 871,274</u>	<u>\$ -</u>	<u>\$ 480,288</u>

NOTES TO FINANCIAL STATEMENTS

	Fair Value Measurements at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Assets/ Liabilities Fair Value	Significant Other Observable Inputs (Level 1)	Significant Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>As of September 30, 2018</u>				
Unrestricted:				
Certificates of deposit	945,917	\$ -	\$ -	\$ 945,917
Mutual funds	769,623	769,623	-	-
Exchange traded funds	<u>51,578</u>	<u>51,578</u>	-	-
	\$ 1,767,118	\$ 821,201	\$ -	\$ 945,917
Restricted:				
Mutual funds	<u>41,310</u>	<u>41,310</u>	-	-
Total	<u>\$ 1,808,428</u>	<u>\$ 862,511</u>	<u>\$ -</u>	<u>\$ 945,917</u>

Changes in investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows:

	Fair Value Measurements Using Significant Unobservable Inputs Level (3)	
	2019	2018
Beginning balance	\$ 945,917	\$ 1,440,811
Purchases	1,440,000	1,426,000
Redemptions	(1,906,000)	(1,920,000)
Gains and (losses)	<u>371</u>	<u>(894)</u>
Ending balance	<u>\$ 480,288</u>	<u>\$ 945,917</u>

Note 11. Governmental Funding

The Council received during the years ending September 30, 2019 and 2018 local governmental funding for various initiatives and programs amounting to \$7,000 and \$7,500, respectively.

Note 12. Endowments and Net Asset Classifications

The Council's endowments consist of one individual fund established for the purpose of providing future income for the Council. The endowment is a donor-restricted endowment fund whereby the stipulation of the

NOTES TO FINANCIAL STATEMENTS

gift requires that the balance reach a total of \$1,000,000 before any amounts can be used by the Council. As required by generally accepted accounting principles, net assets associated with this endowment fund is classified and reported based on the existence of the donor-imposed restrictions.

Interpretation of Relevant Law

In June 2010, Act 168 of the regular session of the Louisiana Legislature was signed into law by the Governor. This act adopted the provisions of the Uniform Prudent Management of Institution Funds Act and is effective as of July 1, 2010. Consistent with this law, the Board of Directors adopted a policy stating its intention to make all reasonable efforts to the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. Currently, the Council classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund, until those amounts are appropriated for expenditure by the Council in a manner consistent with the Council and Board's policies and procedures.

The following is the endowment net asset composition by type of fund as of September 30, 2019 and 2018:

	September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor – restricted endowment funds	\$ -	\$ 52,646	\$ 52,646
	September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor – restricted endowment funds	\$ -	\$ 51,169	\$ 51,169

## NOTES TO FINANCIAL STATEMENTS

The following is the recap of changes in endowment balances as of September 30, 2019 and 2018.

	September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 51,169	\$ 51,169
Investment return:			
Net appreciation (realized and unrealized)	-	1,477	1,477
Endowment net assets, end of year	\$ -	\$ 52,646	\$ 52,646

	September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 46,325	\$ 46,325
Investment return:			
Net appreciation (realized and unrealized)	-	4,844	4,844
Endowment net assets, end of year	\$ -	\$ 51,169	\$ 51,169

### Return Objectives and Risk Parameters

The Council 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. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that attain a favorable return, with emphasis on preservation of capital and long-term growth, without jeopardizing liquidity needs.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council 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).

NOTES TO FINANCIAL STATEMENTS

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Note 13. Liquidity and Funds Available

The Council monitors its liquidity so that it is able to meet the operating needs and other contractual commitments. The following table reflects the Council's financial assets as of September 30, 2019 and 2018, reduced by amounts not available for general expenditure within one year.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents and restricted cash	\$ 1,657,013	\$ 1,333,245
Other receivables, net	2,937	22,243
Investments	<u>1,351,562</u>	<u>1,808,428</u>
<b>Total financial assets</b>	<b>3,011,512</b>	<b>3,163,916</b>
<b>Contractual or donor imposed restrictions:</b>		
Cash restricted by donor	(12,326)	(17,984)
Endowment fund cash and investments	(52,646)	(51,169)
Investment account pledged as collateral on note payable to bank	(837,345)	(816,213)
Custodial funds	(60,825)	(62,559)
<b>Board designations:</b>		
Elsie Webb fund	(785,061)	(805,529)
Nora Duncan fund	(10,669)	-
Capital improvements	(18,000)	-
Camp improvements	<u>(157,822)</u>	<u>(185,972)</u>
<b>Financial assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 1,076,818</u></b>	<b><u>\$ 1,224,490</u></b>

## NOTES TO FINANCIAL STATEMENTS

The Council also has available for spending without limitation the board-designated funds which are earmarked for specific purposes but may be spent at the discretion of the Board. In addition to financial assets available to meet general expenditures over the upcoming year, the Council makes efforts to operate within a balanced budget and anticipates covering a significant portion if not all of its general expenditures by generating sufficient revenue and support in the upcoming year.

Note 14. Subsequent Events

The Council evaluated the need for disclosures and/or adjustments resulting from subsequent events through January 13, 2020, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments under general accounting standards.

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**SUPPLEMENTARY INFORMATION**

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD  
Year Ended September 30, 2019

Agency Head: Rachel Broussard

There were no compensation, benefits and other payments paid in fiscal year ended September 30, 2019 from public funds.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULES OF COOKIE REVENUE AND EXPENSE

Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cookie sales revenue	\$ 3,876,383	\$ 3,825,477
Allocations to troops	<u>(431,114)</u>	<u>(432,407)</u>
Cookie revenue net of troop allocations	\$ 3,445,269	\$ 3,393,070
Cost of cookie sales	<u>(1,063,444)</u>	<u>(1,082,460)</u>
Gross profit	<u>\$ 2,381,825</u>	<u>\$ 2,310,610</u>
Sales price per standard box	<u>\$ 4.00</u>	<u>\$ 4.00</u>
Sales price per specialty box	<u>\$ 5.00</u>	<u>\$ 5.00</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Girl Scouts of Louisiana – Pines to the Gulf, Inc.  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Bernard Roche III". The signature is fluid and cursive, with the last name "Roche" being the most prominent part.

Lafayette, Louisiana  
January 13, 2020

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2019

We have audited the financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of and for the year ended September 30, 2019, and have issued our report thereon dated January 13, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2019 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses  Yes  None Reported

Control deficiencies identified  
that are not considered to be  
material weaknesses  Yes  None Reported

Compliance

Compliance Material to Financial Statements  Yes  No

Section II - Financial Statement Findings

None in the current year.

Section III – Management Letter

None in the current year.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF PRIOR FINDINGS  
For the Year Ended September 30, 2019

Section I. Internal Control and Compliance Material to the Financial Statements

2018-01 – Transaction miscodings related to restricted and designated funds

Recommendation: The Council should educate employees when funds are considered restricted or designated and the proper way to code the transaction for entry into the system. The Council should also implement a means of monitoring the activity of these funds as part of the monthly close process and reconcile the restricted or designated net asset balance to support.

Current Status: RESOLVED

Section II. Internal Control and Compliance Material to Federal Awards

None.

Section III. Management Letter

None.