

February 8, 2021

To the Board of Trustees
Girl Scouts Heart of New Jersey, Inc.

We have audited the financial statements of Girl Scouts Heart of New Jersey, Inc. (the Council) for the year ended September 30, 2020, and have issued our report thereon dated February 8, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 10, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Girl Scouts Heart of New Jersey, Inc. are described in Note 2 to the financial statements. As described in Note 2 to the financial statements, the Council adopted Financial Accounting Standards Board's Accounting Standards Updates (ASU) 2018-08, *Not for Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2014-09, *Revenue from contracts with Customers*, during the audit period. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We did note the following items we would like to bring to your attention:

Outstanding Checks

During our audit, we noted that the Operating Bank Reconciliation contained several checks that have not cleared for several months. Tracking outstanding checks is an important control procedure that ensures that all outgoing checks are accounted for.

We suggest that an accurate outstanding check list be kept for each bank account and a periodic review of the list(s) be performed on a timely basis. If necessary, stop payment notices should be sent to the bank, and outstanding checks should be handled in accordance with applicable federal and state guidelines.

Net Asset Tracking

During our audit, we noted that the Council does not track net assets with donor restrictions throughout the course of the year. This can lead to inaccurate reporting at year end, and cause the amounts in net assets with and without donor restrictions to be improperly stated.

To ensure proper reporting of net assets with and without donor restrictions, we suggest that the Council implement policies and procedures surrounding proper recording and tracking of contributions and donated items. Procedures should include comparing contributions to supporting donation records to verify proper recording based upon the donor's stated purpose and date of gift, reviewing transactions periodically to identify satisfaction or expiration of temporary restrictions, and reviewing and approving releases from restriction as donor intentions are met.

Endowment Tracking

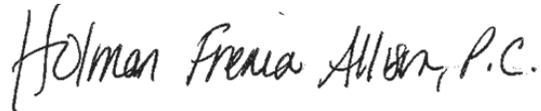
During our audit, we noted that management does not track endowment net assets by fund or by purpose. This can lead to inappropriate use of donor restricted funds.

We suggest that the client review the original donation forms from the donors to identify the donor's intent, and track the original cost against the market value per fund periodically to ensure that the investments are prudent and any underwater funds are properly handled.

Conditional Contributions

Upon review of contributions and grant agreements, there were two instances where conditional contributions were recognized prior to all conditions being met. With the adoption of ASU 2014-09 and ASU 2018-08, we recommend that the Council implement a policy to review all grant and contribution agreements to determine whether the transaction is an exchange transaction or a contribution, and if a contribution they should determine whether there are conditions present and recognize the revenue accordingly.

This information is intended solely for the use of the Board of Trustees and management of Girl Scouts Heart of New Jersey, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

February 8, 2021
Toms River, New Jersey