

FINANCIAL REPORT

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

JACKSON, MISSISSIPPI

SEPTEMBER 30, 2019

Presented by: Harper, Rains, Knight & Company, P.A.
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The Board of Directors
Girl Scouts of Greater Mississippi, Inc.
Jackson, Mississippi

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts of Greater Mississippi, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2019 and 2018, the related statements of activities and cash flows for the years then ended, statement of functional expenses for the year ended September 30, 2019, 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. 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 Organization'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 Organization'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.

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The Board of Directors
Girl Scouts of Greater Mississippi, Inc. (continued)

Auditors' Responsibility (continued)

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 Greater Mississippi, Inc. as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HARPER, RAYNS KNIGHT + COMPANY, P.A.

January 28, 2020

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.
 STATEMENTS OF FINANCIAL POSITION
 September 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents:		
Unrestricted	\$ 2,157,757	\$ 2,075,813
Board restricted	55,166	75,688
Total cash and cash equivalents	2,212,923	2,151,501
Certificate of deposit	72,910	72,828
Receivables		
Trade accounts receivable, net	2,701	25,113
Grant accounts receivable	18,722	19,588
Inventories, net	139,085	139,593
Prepaid expenses	42,365	38,465
Total current assets	2,488,706	2,447,088
Investments	265,115	253,755
Property and equipment, net	2,503,843	2,531,836
Total assets	\$ 5,257,664	\$ 5,232,679
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 142,583	\$ 134,291
Deferred revenue	15,264	42,554
Total current liabilities	157,847	176,845
Net assets		
Without donor restrictions:		
Undesignated	4,825,087	4,766,462
Board designated	55,166	75,688
With donor restrictions	219,564	213,684
Total net assets	5,099,817	5,055,834
Total liabilities and net assets	\$ 5,257,664	\$ 5,232,679

The Notes to Financial Statements are an integral part of these statements.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC

STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue, support, and reclassifications:			
Product sales	\$ 4,373,356	\$ -	\$ 4,373,356
Less: Cost of product sold	1,291,761	-	1,291,761
Allocations to troops and service units	693,424	-	693,424
Income from product sales	2,388,171	-	2,388,171
Retail shop product sales	181,822	-	181,822
Less: Cost of retail shop products	103,455	-	103,455
Income from retail shop product sales	78,367	-	78,367
Contributions	108,503	-	108,503
United Way grants and allocations	58,681	35,000	93,681
Special events	49,175	-	49,175
Camping fees and event income	141,695	-	141,695
Interest and dividends	11,394	2,040	13,434
Gain on disposition of assets	3,100	-	3,100
Net unrealized and realized gains (loss)	4,176	5,507	9,683
Other income	17,292	-	17,292
Total support	394,016	42,547	436,563
Gain on insurance claim, net of expenses	69,519	-	69,519
Net assets released from restrictions	36,667	(36,667)	-
Total support and revenue	2,966,740	5,880	2,972,620
Expenses			
Program services:			
Membership recruitment	1,376,460	-	1,376,460
Program development	410,007	-	410,007
Adult services	292,864	-	292,864
Grant programs	58,573	-	58,573
Camp	439,295	-	439,295
Total program services	2,577,199	-	2,577,199
Support services:			
General and administrative	263,578	-	263,578
Fundraising	87,860	-	87,860
Total support services	351,438	-	351,438
Total expenses	2,928,637	-	2,928,637
Change in net assets	38,103	5,880	43,983
Net assets at beginning of year	4,842,150	213,684	5,055,834
Net assets at end of year	\$ 4,880,253	\$ 219,564	\$ 5,099,817

The Notes to Financial Statements are an integral part of this statement.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC
STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended September 30, 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue, support, and reclassifications:			
Product sales	\$ 4,496,907	\$ -	\$ 4,496,907
Less: Cost of product sold	1,300,288	-	1,300,288
Allocations to troops and service units	<u>728,362</u>	<u>-</u>	<u>728,362</u>
Income from product sales	<u>2,468,257</u>	<u>-</u>	<u>2,468,257</u>
Retail shop product sales	224,916	-	224,916
Less: Cost of retail shop products	<u>130,126</u>	<u>-</u>	<u>130,126</u>
Income from retail shop product sales	<u>94,790</u>	<u>-</u>	<u>94,790</u>
Contributions	114,462	-	114,462
United Way grants and allocations	57,207	56,465	113,672
Special events	50,236	-	50,236
Camping fees and event income	150,470	-	150,470
Interest and dividends	2,636	1,818	4,454
Gain on disposition of assets	160,934	-	160,934
Net unrealized and realized gains	(519)	9,743	9,224
Other income	<u>63,814</u>	<u>-</u>	<u>63,814</u>
Total support	<u>599,240</u>	<u>68,026</u>	<u>667,266</u>
Gain on insurance claim, net of expenses	110,867	-	110,867
Net assets released from restrictions	<u>67,314</u>	<u>(67,314)</u>	<u>-</u>
Total support and revenue	<u>3,340,468</u>	<u>712</u>	<u>3,341,180</u>
Expenses			
Program services:			
Membership recruitment	1,585,809	-	1,585,809
Program development	388,361	-	388,361
Adult services	226,544	-	226,544
Grant programs	64,727	-	64,727
Camp	<u>550,178</u>	<u>-</u>	<u>550,178</u>
Total program services	<u>2,815,619</u>	<u>-</u>	<u>2,815,619</u>
Support services:			
General and administrative	291,271	-	291,271
Fundraising	<u>129,454</u>	<u>-</u>	<u>129,454</u>
Total support services	<u>420,725</u>	<u>-</u>	<u>420,725</u>
Total expenses	<u>3,236,344</u>	<u>-</u>	<u>3,236,344</u>
Change in net assets	104,124	712	104,836
Net assets at beginning of year	<u>4,738,026</u>	<u>212,972</u>	<u>4,950,998</u>
Net assets at end of year	<u>\$ 4,842,150</u>	<u>\$ 213,684</u>	<u>\$ 5,055,834</u>

The Notes to Financial Statements are an integral part of this statement.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

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

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 43,983	\$ 104,837
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Capitalized in-kind contributed services and material	(42,150)	(28,600)
Depreciation	142,359	137,918
Unrealized and realized gain on investments	(7,604)	(9,224)
Gain on disposition of property and equipment	-	(160,934)
Change in:		
Accounts receivable - trade	22,412	(2,610)
Insurance receivable	-	26,138
Pledge and grant receivable	866	12,724
Inventories	508	(8,945)
Prepaid expenses	(3,900)	6,834
Accounts payable and accrued expenses	8,292	(13,093)
Deferred revenue	(27,290)	8,754
Net cash provided by operating activities	<u>137,476</u>	<u>73,799</u>
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(72,216)	(14,442)
Purchase of investments	(16,284)	(7,723)
Purchase of certificate of deposit	(72,857)	(72,847)
Proceeds from disposal of certificate of deposit	72,775	72,775
Proceeds from sale of investments	12,528	5,501
Proceeds from sale of property held for sale	-	290,000
Net cash provided by (used in) investing activities	<u>(76,054)</u>	<u>273,264</u>
Cash flows from financing activities:		
Payments on note payable	(950,000)	(997,000)
Borrowings on note payable	950,000	950,000
Net cash used in financing activities	<u>-</u>	<u>(47,000)</u>
Net increase in cash and cash equivalents	61,422	300,063
Cash and cash equivalents, beginning	<u>2,151,501</u>	<u>1,851,438</u>
Cash and cash equivalents, ending	<u>\$ 2,212,923</u>	<u>\$ 2,151,501</u>
Supplementary disclosure of cash flow information:		
In-kind materials and services	<u>\$ 44,676</u>	<u>\$ 29,443</u>
Interest paid on note payable	<u>\$ 3,159</u>	<u>\$ 5,807</u>

The Notes to Financial Statements are an integral part of these statements.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 608,309	\$ 194,141	\$ 181,198	\$ 129,427	\$ 25,885	\$ 1,138,961	\$ -	\$ 116,485	\$ 38,828	\$ 1,294,274
Cost of product sold	-	-	-	-	-	-	1,291,761	-	-	1,291,761
Allocations of troops and service units	-	-	-	-	-	-	693,424	-	-	693,424
Costs of retail shop products	-	-	-	-	-	-	103,455	-	-	103,455
Payroll taxes and benefits	185,119	59,081	55,142	39,387	7,877	346,606	-	35,448	11,816	393,870
Professional fees	58,874	18,789	17,537	12,526	2,505	110,231	-	11,274	3,758	125,263
Supplies	53,975	17,226	16,078	11,484	2,297	101,060	-	10,336	3,445	114,841
Awards and appreciation	68,502	21,862	20,405	14,575	2,915	128,259	-	13,117	4,372	145,748
Telephone	23,689	7,560	7,056	5,040	1,008	44,353	-	4,536	1,512	50,401
Postage and Shipping	2,503	799	746	533	107	4,688	-	479	160	5,327
Occupancy	51,187	16,336	15,247	10,891	2,178	95,839	-	9,802	3,267	108,908
Building and grounds	112,051	35,761	33,377	23,841	4,768	209,798	-	21,457	7,152	238,407
Printing and advertising	13,327	4,253	3,970	2,836	567	24,953	-	2,552	851	28,356
Travel	18,106	5,778	5,393	3,852	770	33,899	-	3,467	1,156	38,522
Meetings	630	201	188	134	27	1,180	-	121	40	1,341
Special assistance	26,731	8,531	7,963	5,688	1,138	50,051	-	5,119	1,706	56,876
Interest	1,485	474	442	316	63	2,780	-	284	95	3,159
Bank fees	8,424	2,689	2,509	1,792	358	15,772	-	1,613	538	17,923
Insurance	65,938	21,044	19,641	14,029	2,806	123,458	-	12,626	4,209	140,293
Dues and subscriptions	954	304	284	203	41	1,786	-	183	61	2,030
Bad Debt	7,337	2,342	2,185	1,561	312	13,737	-	1,405	468	15,610
Depreciation	66,909	21,354	19,930	14,236	2,847	125,276	-	12,812	4,271	142,359
Miscellaneous	2,410	770	716	513	103	4,512	-	462	154	5,128
	<u>\$ 1,376,460</u>	<u>\$ 439,295</u>	<u>\$ 410,007</u>	<u>\$ 292,864</u>	<u>\$ 58,573</u>	<u>\$ 2,577,199</u>	<u>\$ 2,088,640</u>	<u>\$ 263,578</u>	<u>\$ 87,860</u>	<u>\$ 5,017,277</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The nature of the organization and the significant accounting policies which have been followed by the Girl Scouts of Greater Mississippi, Inc. (the "Organization") in preparing the accompanying financial statements are set forth below.

Organization and Operations

Girl Scouts of Greater Mississippi, Inc. is a nonprofit organization, chartered by the Girl Scouts of the United States of America. The Organization's principal activity consists of organizing and providing services to local Girl Scout troops in central and south Mississippi. Its iconic Cookie Program, a learning pillar of the Girl Scout Leadership Experience, supports the vast programs and activities of over 8,000 girls and 2,000 volunteers in forty-five counties. The Organization's cookie sale and fall product sale are the primary revenue sources for the Organization.

Description of Program Services

Membership:

Includes the costs associated with girl and adult recruitment for membership, organizing troops, and the extension of girl scouting to untapped communities.

Program Development:

Includes the costs of services related to developing girl scout-oriented programs designed to meet the needs and expectations of today's girls.

Adult Services:

Includes the costs of staff attending leader and parent meetings, development of training materials, and staff training of volunteers required to carry out the girl scout curriculum and administration of the adult awards and appreciation programs.

Grants:

Includes the costs of services to research, write and submit applications to obtain funding and sponsorships for programs primarily in outdoor education, STEM, and life skills; staff delivery of the programs; and report of program outcomes.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets are reported as part of the net assets without donor restrictions.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual method of accounting.

Contributions

Contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

Deferred Revenue

The Organization recognizes revenues as earned. Amounts received in advance of the period in which service is rendered are recorded as deferred revenue.

Cash and Cash Equivalents

The Organization considers all checking accounts, money market accounts and investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Cash does not include bank accounts held by Girl Scout troops and service units under the federal identification number of the Organization, as customary with industry practice. Bank accounts held by troops and service units are under the Organization's federal identification number; however, the Organization has no signature authority over and will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and service units have the responsibility to use funds appropriately for the purposes of Girl Scouting. If a troop or service unit plans to disband, the troop or service unit may pay for a final group activity, donate to groups or projects they consider worthwhile, or designate remaining funds to our camps. If a troop or service unit disbands without making a determination as to the final distribution of funds, the funds will revert to the Organization for holding for a period of twelve (12) months in case the troop reforms or members of the troop join other troops with the following year. If, after this time, funds are not claimed, they will be considered a donation to the Organization to support the continuation of its programs.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable primarily represents amounts due from special events and troops for the sale of Girl Scout cookies. The Organization provides an allowance for doubtful accounts that is based upon management's review of outstanding receivables and collections. Receivables are charged to the allowance account when they are determined to be uncollectible. The allowance was \$15,000 at September 30, 2019 and 2018, respectively.

Inventories

Inventories consist of goods held for resale and are valued at lower of cost or market, determined by the first-in, first-out method. The Organization provides an allowance for obsolete inventory that is based upon management's review of inventory recent sales and quantities. Inventories are charged to the allowance account when they are considered obsolete. The allowance was \$11,500 at September 30, 2019 and 2018, respectively.

Investments

The Organization reports all investments in its debt securities 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. The fair value of all debt securities is determined by an evaluation of at least two or more bid prices and/or active trades of the same security reported by recognized broker dealers. Gains or losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted. See Note 4 for a discussion of fair value measurements.

Investment income is presented net of investment management fees.

Property and Equipment

Property and equipment acquisitions are recorded at cost at the date of acquisition or fair value at the date of donation. The Organization capitalizes any asset with a life expectancy longer than one (1) year and a cost greater than \$1,000 as a capital asset. Depreciation expense is computed on a straight-line basis over the estimated useful life of the asset as follows:

Building and camp facilities	15 to 39 years
Furniture and fixtures	5 to 10 years

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses all advertising costs related to fundraising activities and programs as incurred. Advertising expenses for the years ended September 30, 2019 and 2018 totaled \$12,004 and \$11,699, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The Organization has no unrecognized tax benefits identified or recorded at September 30, 2019. The Organization would recognize interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense. The tax years that remain open for federal and major state income tax jurisdictions are 2015 and forward.

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. Significant estimates used in preparing these financial statements include those assumed in determining the methods and useful lives of property and equipment, allowance for uncollectable receivables, allowance for obsolete inventory, and estimated fair value for investments. It is at least reasonably possible that the significant estimates used will change within the next year.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis. Accordingly, costs have been allocated among the program and supporting services based on labor hours worked. All cost of goods sold expenditures associated with cookie sales, fall product, and merchandise are considered program expenditures.

Concentration of Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk (continued)

A major vendor is any single vendor representing ten (10) percent or more of total purchases. For the years ended September 30, 2019 and 2018, thirty-six (36) percent and thirty-three (33) percent, respectively, of total purchases were from one major vendor, Kellogg Sales Company, for the purchase of cookies for the annual cookie sale. For the years ended September 30, 2019 and 2018, cookie sales represented 88 percent and 87 percent, respectively, of total revenue.

Liquidity

The Organization has \$2,252,060 of financial assets available within one year of the balance sheet date to meet the cash needs for general expenditures. These amounts consist of unrestricted cash of \$2,157,727, receivables of \$21,423, and a certificate of deposit of \$72,910. The receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization follows the recommendation of Girl Scouts of the USA to maintain financial assets on hand to meet 6 months of normal operating expenses, which are, on average, approximately \$1,400,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization holds its investments in fixed income mutual funds.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14 Presentation of Financial Statements of Not-for-Profit Entities to improve the reporting for not for profit entities. The main provisions of the ASU include the change to two classes of net assets (restricted by donor and without restriction) from the current three (permanently restricted, temporarily restricted, and unrestricted net assets), no longer requiring the presentation of the indirect method of cash flows if the direct method is presented, the requirement to include expenses by both their natural classification and their functional classification, which could be on the face of the statement of activities, as a separate statement, or in the notes to the financial statements, and certain qualitative and quantitative information concerning the liquidity and availability of the entity's resources in meeting cash needs for general expenditures within one year of the balance sheet date. The ASU is effective for years beginning after December 15, 2017. However, as allowed by ASU No. 2016-14 transition guidance, the Exchange has elected not to retroactively provide disclosures about liquidity and availability of resources in meeting cash needs for general expenditures and information on function expenses for the prior year.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue from Contracts with Customers (Topic 606) to improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

markets. In order to comply with ASC Topic 606, entities should apply the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied. The ASU is effective for years beginning after December 15, 2018. Management has evaluated the requirements of ASC Topic 606 and has determined that their current revenue recognition process is consistent with this five-step approach and anticipates no material effect to the financial statements.

Subsequent Events

Subsequent events were evaluated by the Organization through January 28, 2020, which is the date the financial statements were available to be issued.

NOTE 2 • PROPERTY AND EQUIPMENT

Details of property and equipment at September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Land (non-depreciable)	\$ 226,281	\$ 226,281
Building and camp facilities	5,274,236	5,232,086
Furniture and fixtures	<u>1,093,777</u>	<u>1,094,821</u>
	6,594,294	6,553,188
Less: accumulated depreciation	<u>(4,090,451)</u>	<u>(4,021,352)</u>
Property and equipment, net	<u>\$ 2,503,843</u>	<u>\$ 2,531,836</u>

NOTE 3 • INVESTMENTS

Investments consisted of the following at September 30, 2019:

	<u>Cost</u>	<u>Estimated Fair Value</u>
Fixed income mutual funds	<u>\$ 200,360</u>	<u>\$ 265,115</u>

Investments consisted of the following at September 30, 2018:

	<u>Cost</u>	<u>Estimated Fair Value</u>
Fixed income mutual funds	<u>\$ 196,856</u>	<u>\$ 253,755</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 4 • FAIR VALUE MEASUREMENTS

Accounting Standards Codification Topic 820, *Fair Value Measurements*, 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy 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 or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by 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.

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

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2019 and 2018:

Assets at Fair Value as of September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
mutual funds	\$ 265,115	\$ -	\$ -	\$ 265,115
Total investments				
at fair value	<u>\$ 265,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,115</u>

Assets at Fair Value as of September 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
mutual funds	\$ 253,755	\$ -	\$ -	\$ 253,755
Total investments				
at fair value	<u>\$ 253,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,755</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 5 • NET ASSETS WITH TIME AND USE RESTRICTIONS

Net assets were available for the following purposes at September 30, 2019 and 2018:

	2019	2018
In-school programs - Jackson and George counties	\$ 11,667	\$ 13,334
Hederman Memorial Fund	3,495	3,300
	\$ 15,162	\$ 16,634

NOTE 6 • NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2019 and 2018, the below net assets with donor restrictions were restricted for the purpose of establishing a permanent endowment that will fund the Organization's programs.

	2019	2018
Cost, beginning	\$ 139,712	\$ 137,986
Dividend reinvestments	2,040	1,726
Cost, ending	\$ 141,752	\$ 139,712
Market value, beginning	\$ 197,050	\$ 185,672
Net realized/unrealized gain	7,138	11,378
Market value, ending	\$ 204,188	\$ 197,050

The Hederman Memorial Fund endowment requires a portion of investment income to be added back to the corpus of the endowment based on a sliding scale. The remaining investment income from the endowment is restricted for the programs of the Organization. These funds are required to be maintained in a separate account.

Until such time as the corpus of the Memorial Fund attains a value of as noted below, the respective percentage of the income may be appropriated from net assets with donor restrictions.

<u>Corpus amount</u>	<u>Percentage</u>
Under \$200,000	10%
\$200,000 to under \$250,000	20%
\$250,000 to under \$300,000	30%
\$300,000 to under \$350,000	40%
\$350,000 to under \$500,000	50%
\$500,000 to under \$600,000	60%
\$600,000 to under \$750,000	70%
\$750,000 to under \$1,000,000	80%
\$1,000,000 and over	90%

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 6 • NET ASSETS WITH DONOR RESTRICTIONS (continued)

If there is a decline in the value of the corpus of the Memorial Fund from the prior year, then all the income from the fund should be accumulated and added to the corpus until the time when the fund equals the highest market value.

In February 2018, a letter was received from the three heirs, indicating they would entertain the spending of funds in accordance with the purposes in the will, notwithstanding the growth requirements imposed by the will, whenever the organization would benefit best. As of the date of this report, the bequest has not legally been amended nor has the Organization pursued any use of the funds. As such, amounts continue to be reported as net assets with restrictions.

NOTE 7 • BOARD DESIGNATED NET ASSETS

The Organization's governing board had designated funds amounting to \$55,196 and \$75,688 as of September 30, 2019 and 2018, respectively, for the construction and furnishing of the multi-purpose building at Camp Iti Kana.

NOTE 8 • DONATED SERVICES AND MATERIALS

The Organization recognizes revenues for certain services and materials received at the fair value of those services. These services and materials totaled \$44,676 and \$29,443 for the years ended September 30, 2019 and 2018, respectively. The fair value of the donated services and materials are reflected in revenues and property and equipment.

NOTE 9 • OPERATING LEASE

The Organization leases office equipment under multiple operating lease agreements through September 18, 2020. The total rent expense for these leases totaled \$46,244 and \$46,906 for the years ended September 30, 2019 and 2018, respectively.

The minimum annual rental payments under these operating leases as of September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 48,887
2021	38,112
2022	37,904
	<u>\$ 124,903</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2019 and 2018

NOTE 10 • RETIREMENT PLANS

The Organization 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, 2018. 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 ten (10) years. NGSCR has elected to adopt the Pension Protection Act (PPA).

Contributions made in fiscal years 2019 and 2018 are \$166,869 and \$171,660, respectively. Legislative and regulatory solutions are being explored to reduce the minimum required contributions. The Organization has a 401(k) defined contribution plan which is offered to all full-time employees.

Full-time employees are immediately eligible to begin contributing to the Plan. The Plan provides for matching contributions to be made by the Organization for full-time employees with one (1) year of service. The Organization's contributions for the years ended September 30, 2019 and 2018 were \$10,627 and \$7,978, respectively.

NOTE 11 • RELATED PARTY

The Organization is a separately incorporated organization chartered by the Girl Scouts of the United States of America (GSUSA) to deliver the Girl Scout program in forty-five (45) counties of Mississippi. The Organization purchases store merchandise from GSUSA. For the years ended September 30, 2019 and 2018, the Organization purchased \$98,906 and \$106,834, respectively, of merchandise to be included as inventory in three (3) store locations.

Based on the charter, the Organization collects membership dues on behalf of GSUSA from program participants. The dues are directly transferred to GSUSA for on-line registrations and are recorded as a liability and subsequently submitted for paper registrations. The amounts collected on behalf of GSUSA for 2019 and 2018 were \$242,690 and \$259,472, respectively. As of September 30, 2019 and 2018, \$2,675 and \$3,305, respectively, was due to GSUSA and included in accounts payable and accrued expenses. In 2018, dues increased from \$15 to \$25.