

FINANCIAL REPORT

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

JACKSON, MISSISSIPPI

SEPTEMBER 30, 2021

Presented by: Harper, Rains, Knight & Company, P.A.
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157
601-605-0722
www.hrkcpa.com

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT

2

FINANCIAL STATEMENTS

Statements of financial position

5

Statements of activities

6

Statements of cash flows

8

Statements of functional expenses

9

Notes to financial statements

11



The Board of Directors
Girl Scouts of Greater Mississippi, Inc.
Jackson, Mississippi

Independent Auditors' Report

Report on the Financial Statements

Opinion

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, 2021 and 2020, the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Certified Public Accountants • Consultants • hrkcpa.com

1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 • f: 601-605-0733

700 12th Street NW, Suite 700
Washington, DC 20005
p: 202-558-5162 • f: 601-605-0733

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

Hoyner, Raines, Knight & Company, P.A.

January 25, 2022
Ridgeland, Mississippi

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

ASSETS		2021	2020
Current assets			
Cash:			
Unrestricted		\$ 2,469,025	\$ 2,723,706
Board restricted		36,943	53,121
Total cash		2,505,968	2,776,827
Certificate of deposit		73,062	73,020
Trade and grant accounts receivable, net		31,407	18,922
Employee retention tax credit receivable		496,794	-
Inventories, net		119,491	133,223
Prepaid expenses		42,242	37,287
Total current assets		3,268,964	3,039,279
Investments		310,847	282,158
Property and equipment, net		2,604,555	2,393,729
Total assets		<u>\$ 6,184,366</u>	<u>\$ 5,715,166</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses		\$ 114,817	\$ 161,350
Current maturities of long-term debt		59,443	166,833
Deferred revenue		27,110	2,315
Total current liabilities		201,370	330,498
Long-term debt, net of current maturities		229,375	133,467
Total liabilities		430,745	463,965
Net assets			
Without donor restrictions:			
Undesignated		5,455,562	4,964,644
Board designated		36,943	53,121
With donor restrictions - endowment fund		261,116	233,436
Total net assets		5,753,621	5,251,201
Total liabilities and net assets		<u>\$ 6,184,366</u>	<u>\$ 5,715,166</u>

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, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue, support and reclassifications:			
Cookie Sales	\$ 3,259,467	\$ -	\$ 3,259,467
Product sales	243,118	-	243,118
Less: Cost of cookies sold	951,619	-	951,619
Cost of product sold	111,971	-	111,971
Allocations to troops and service units (cookie sales)	528,811	-	528,811
Allocations to troops and service units (product sales)	41,572	-	41,572
Income from product sales	<u>1,868,612</u>	<u>-</u>	<u>1,868,612</u>
Retail shop product sales	103,846	-	103,846
Less: Cost of retail shop products	62,289	-	62,289
Income from retail shop product sales	<u>41,557</u>	<u>-</u>	<u>41,557</u>
Contributions	115,858	-	115,858
United Way grants and allocations	34,691	35,000	69,691
Special events	48,588	-	48,588
Camping fees and event income	70,730	-	70,730
Interest and dividends	4,174	2,289	6,463
Net realized and unrealized gains (losses)	945	25,391	26,336
Other income	823,822	-	823,822
Total support	<u>1,098,808</u>	<u>62,680</u>	<u>1,161,488</u>
Net assets released from restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Total support and revenue	<u>3,043,977</u>	<u>27,680</u>	<u>3,071,657</u>
Expenses			
Program services:			
Membership recruitment	1,181,848	-	1,181,848
Camp	334,002	-	334,002
Program development	436,764	-	436,764
Adult services	256,923	-	256,923
Grant programs	51,387	-	51,387
Total program services	<u>2,260,924</u>	<u>-</u>	<u>2,260,924</u>
Support services:			
General and administrative	231,233	-	231,233
Fundraising	77,080	-	77,080
Total support services	<u>308,313</u>	<u>-</u>	<u>308,313</u>
Total expenses	<u>2,569,237</u>	<u>-</u>	<u>2,569,237</u>
Change in net assets	474,740	27,680	502,420
Net assets at beginning of year	<u>5,017,765</u>	<u>233,436</u>	<u>5,251,201</u>
Net assets at end of year	<u>\$ 5,492,505</u>	<u>\$ 261,116</u>	<u>\$ 5,753,621</u>

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, 2020

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue, support and reclassifications:			
Cookie Sales	\$ 4,435,330	\$ -	\$ 4,435,330
Product sales	260,668	-	260,668
Less: Cost of cookies sold	1,265,226	-	1,265,226
Cost of product sold	100,941	-	100,941
Allocations to troops and service units (cookie sales)	703,682	-	703,682
Allocations to troops and service units (product sales)	44,973	-	44,973
Income from product sales	<u>2,581,176</u>	<u>-</u>	<u>2,581,176</u>
Retail shop product sales	109,838	-	109,838
Less: Cost of retail shop products	<u>62,088</u>	<u>-</u>	<u>62,088</u>
Income from retail shop product sales	<u>47,750</u>	<u>-</u>	<u>47,750</u>
Contributions	49,118	-	49,118
United Way grants and allocations	56,404	35,000	91,404
Special events	3,670	-	3,670
Camping fees and event income	30,780	-	30,780
Interest and dividends	7,002	3,252	10,254
Gain on disposition of assets	-	-	-
Net unrealized and realized gains (losses)	4,912	10,840	15,752
Other income	<u>12,965</u>	<u>-</u>	<u>12,965</u>
Total support	<u>164,851</u>	<u>49,092</u>	<u>213,943</u>
Gain on insurance claim, net of expenses	-	-	-
Net assets released from restrictions	<u>35,220</u>	<u>(35,220)</u>	<u>-</u>
Total support and revenue	<u>2,828,997</u>	<u>13,872</u>	<u>2,842,869</u>
Expenses			
Program services:			
Membership recruitment	1,291,909	-	1,291,909
Camp	322,977	-	322,977
Program development	403,716	-	403,716
Adult services	296,062	-	296,062
Grant programs	53,831	-	53,831
Total program services	<u>2,368,495</u>	<u>-</u>	<u>2,368,495</u>
Support services:			
General and administrative	242,246	-	242,246
Fundraising	80,744	-	80,744
Total support services	<u>322,990</u>	<u>-</u>	<u>322,990</u>
Total expenses	<u>2,691,485</u>	<u>-</u>	<u>2,691,485</u>
Change in net assets	137,512	13,872	151,384
Net assets at beginning of year	<u>4,880,253</u>	<u>219,564</u>	<u>5,099,817</u>
Net assets at end of year	<u>\$ 5,017,765</u>	<u>\$ 233,436</u>	<u>\$ 5,251,201</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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 502,420	\$ 151,384
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	143,889	144,678
Unrealized and realized gain on investments	(31,659)	(12,842)
Change in:		
Accounts receivable - trade and grant	(12,485)	2,501
Employee retention tax credit receivable	(496,794)	-
Inventories	13,732	5,862
Prepaid expenses	(4,955)	5,078
Accounts payable and accrued expenses	(46,533)	18,767
PPP note forgiveness	(300,300)	-
Deferred revenue	24,795	(12,949)
Net change in cash from operating activities	<u>(207,890)</u>	<u>302,479</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(354,715)	(34,564)
Purchase of investments	(5,308)	(10,173)
Purchase of certificate of deposit	(42)	(73,020)
Proceeds from disposal of certificate of deposit	-	72,910
Proceeds from sale of investments	8,278	5,972
Net change in cash from investing activities	<u>(351,787)</u>	<u>(38,875)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	1,238,818	1,250,300
Payments on note payable	(950,000)	(950,000)
Net change in cash from financing activities	<u>288,818</u>	<u>300,300</u>
Net change in cash	(270,859)	563,904
Cash, beginning	<u>2,776,827</u>	<u>2,212,923</u>
Cash, ending	<u>\$ 2,505,968</u>	<u>\$ 2,776,827</u>
Cash comprised of:		
Cash, without restrictions	\$ 2,469,025	\$ 2,723,706
Cash, with Board restrictions	<u>36,943</u>	<u>53,121</u>
	<u>\$ 2,505,968</u>	<u>\$ 2,776,827</u>
Supplementary disclosure of cash flow information:		
In-kind materials and services received	<u>\$ 500</u>	<u>\$ 160</u>
Interest paid on note payable	<u>\$ 2,100</u>	<u>\$ 3,221</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, 2021

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 554,934	\$ 156,829	\$ 205,084	\$ 120,638	\$ 24,128	\$ 1,061,613	\$ -	\$ 108,574	\$ 36,191	\$ 1,206,378
Cost of cookies sales	-	-	-	-	-	-	951,619	-	-	951,619
Cost of fall product sales	-	-	-	-	-	-	111,971	-	-	111,971
Allocations of troops and service units (cookies)	-	-	-	-	-	-	528,811	-	-	528,811
Allocations of troops and service units (fall product)	-	-	-	-	-	-	41,572	-	-	41,572
Costs of retail shop products	-	-	-	-	-	-	62,289	-	-	62,289
Payroll taxes and benefits	170,237	48,111	62,914	37,008	7,402	325,672	-	33,307	11,102	370,081
Professional fees	15,249	4,309	5,635	3,315	663	29,171	-	2,983	994	33,148
Supplies	38,172	10,788	14,107	8,298	1,660	73,025	-	7,469	2,490	82,984
Awards and appreciation	57,861	16,352	21,383	12,578	2,516	110,690	-	11,321	3,774	125,785
Telephone	24,895	7,035	9,200	5,412	1,082	47,624	-	4,871	1,624	54,119
Postage and shipping	2,022	572	747	440	88	3,869	-	396	132	4,397
Occupancy	44,505	12,578	16,448	9,675	1,935	85,141	-	8,708	2,903	96,752
Building and grounds	91,949	25,986	33,981	19,989	3,998	175,903	-	17,990	5,997	199,890
Printing and advertising	11,744	3,319	4,340	2,553	511	22,467	-	2,298	766	25,531
Travel	10,865	3,071	4,015	2,362	472	20,785	-	2,126	709	23,620
Meetings	705	199	260	153	31	1,348	-	138	46	1,532
Special assistance	7,786	2,200	2,877	1,693	339	14,895	-	1,523	508	16,926
Interest	2,308	652	853	502	100	4,415	-	452	151	5,018
Bank fees	9,862	2,787	3,644	2,144	429	18,866	-	1,929	643	21,438
Insurance	70,603	19,953	26,092	15,348	3,070	135,066	-	13,814	4,605	153,485
Dues and subscriptions	743	210	274	161	32	1,420	-	145	48	1,613
Bad debt	289	82	107	63	13	554	-	57	19	630
Depreciation	66,189	18,706	24,461	14,389	2,878	126,623	-	12,950	4,317	143,890
Miscellaneous	930	263	342	202	40	1,777	-	182	61	2,020
	<u>\$ 1,181,848</u>	<u>\$ 334,002</u>	<u>\$ 436,764</u>	<u>\$ 256,923</u>	<u>\$ 51,387</u>	<u>\$ 2,260,924</u>	<u>\$ 1,696,262</u>	<u>\$ 231,233</u>	<u>\$ 77,080</u>	<u>\$ 4,265,499</u>

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

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2020

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 640,384	\$ 160,096	\$ 200,120	\$ 146,755	\$ 26,683	\$ 1,174,038	\$ -	\$ 120,072	\$ 40,024	\$ 1,334,134
Cost of cookies sales	-	-	-	-	-	-	1,265,226	-	-	1,265,226
Cost of fall product sales	-	-	-	-	-	-	100,941	-	-	100,941
Allocations of troops and service units (cookies)	-	-	-	-	-	-	703,682	-	-	703,682
Allocations of troops and service units (fall product)	-	-	-	-	-	-	44,973	-	-	44,973
Costs of retail shop products	-	-	-	-	-	-	62,088	-	-	62,088
Payroll taxes and benefits	197,317	49,329	61,661	45,218	8,222	361,747	-	36,997	12,332	411,076
Professional fees	13,931	3,483	4,353	3,193	580	25,540	-	2,612	871	29,023
Supplies	21,881	5,470	6,838	5,014	912	40,115	-	4,103	1,368	45,586
Awards and appreciation	66,373	16,593	20,741	15,210	2,766	121,683	-	12,445	4,148	138,276
Telephone	24,366	6,091	7,614	5,584	1,015	44,670	-	4,569	1,523	50,762
Postage and shipping	3,286	822	1,027	753	137	6,025	-	616	205	6,846
Occupancy	41,002	10,250	12,813	9,396	1,708	75,169	-	7,688	2,563	85,420
Building and grounds	77,968	19,492	24,365	17,868	3,249	142,942	-	14,619	4,873	162,434
Printing and advertising	17,457	4,364	5,455	4,000	727	32,003	-	3,273	1,091	36,367
Travel	10,679	2,670	3,337	2,447	445	19,578	-	2,002	667	22,247
Meetings	708	177	221	162	30	1,298	-	133	44	1,475
Special assistance	23,153	5,788	7,235	5,306	965	42,447	-	4,341	1,447	48,235
Interest	1,546	387	483	354	64	2,834	-	290	97	3,221
Bank fees	7,770	1,942	2,428	1,781	324	14,245	-	1,457	486	16,188
Insurance	69,559	17,390	21,737	15,941	2,898	127,525	-	13,042	4,347	144,914
Dues and subscriptions	902	226	282	207	38	1,655	-	169	56	1,880
Bad debt	4,075	1,019	1,273	934	170	7,471	-	764	255	8,490
Depreciation	69,446	17,361	21,702	15,915	2,894	127,318	-	13,021	4,340	144,679
Miscellaneous	106	27	31	24	4	192	-	33	7	232
	<u>\$ 1,291,909</u>	<u>\$ 322,977</u>	<u>\$ 403,716</u>	<u>\$ 296,062</u>	<u>\$ 53,831</u>	<u>\$ 2,368,495</u>	<u>\$ 2,176,910</u>	<u>\$ 242,246</u>	<u>\$ 80,744</u>	<u>\$ 4,868,395</u>

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

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

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

The Organization 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 Sales, a learning pillar of the Girl Scout Leadership Experience, supports the vast programs and activities of over five thousand (5,000) girls and two thousand (2,000) volunteers in forty-five (45) 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.

Camp:

Includes the costs associated with operating Council-owned camp properties used to host camp programs and activities throughout the year.

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 for grant programs primarily related to outdoor education, STEM and life skills, staff delivery of the programs and report of program outcomes.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 958-205, Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-05, the Council is required to report information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Without donor restrictions* - Net assets that are not subject to restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- *With donor restrictions* - Net assets whose use by the Council is subject to donor-imposed restrictions that can be fulfilled by actions of the Council pursuant to those restrictions or that expire by the passage of time or required to be maintained permanently by the Council due to donor-imposed restrictions, the corpus of which will be invested.

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

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.

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

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash (continued)

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 within 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.

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 \$7,500 and \$15,000 at September 30, 2021 and 2020, 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, 2021 and 2020, 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.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Advertising

The Organization expenses all advertising costs related to fundraising activities and programs as incurred. Advertising expenses for the years ended September 30, 2021 and 2020, totaled \$17,356 and \$15,438, 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, 2021 and 2020. The Organization would recognize interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

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, allocation of functional expenses and estimated fair value for investments. It is at least reasonably possible that the significant estimates used will change within the next year.

Reclassifications

Certain prior year amounts were reclassified for consistency with current year presentation. These reclassifications had no material effect on the reported results of the changes in net assets.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Concentration of Credit Risk

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

A major vendor is any single vendor representing ten (10) percent or more of total purchases. For the years ended September 30, 2021 and 2020, ninety-two (92) percent of total purchases were from one major vendor, Ferrara Candy Company, for the purchase of cookies for the annual cookie sale. For the years ended September 30, 2021 and 2020, cookie sales represented sixty-nine (69) percent and ninety-four (94) percent, respectively, of total revenue.

Liquidity and Availability

The following represents the Organization's financial assets at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 2,505,968	\$ 2,776,827
Certificate of deposit	73,062	73,020
Receivables	<u>31,407</u>	<u>18,922</u>
Total financial assets	<u>\$ 2,610,437</u>	<u>\$ 2,868,769</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,610,437</u>	<u>\$ 2,868,769</u>

The Organization follows the recommendation of Girl Scouts of the USA to maintain financial assets on hand to meet nine (9) months of normal operating expenses, which are, on average, approximately \$2,100,000 and \$2,000,000 for 2021 and 2020, respectively. 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.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Subsequent events were evaluated by the Organization through January 25, 2022, 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, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Land (non-depreciable)	\$ 226,281	\$ 226,281
Building and camp facilities	5,704,689	5,274,236
Furniture and fixtures	581,100	1,098,169
Construction in process	<u>336,887</u>	<u>-</u>
	6,848,957	6,598,686
Less: accumulated depreciation	<u>(4,244,402)</u>	<u>(4,204,957)</u>
Property and equipment, net	<u>\$ 2,604,555</u>	<u>\$ 2,393,729</u>

NOTE 3 • INVESTMENTS

Investments consisted of the following at September 30, 2021:

	<u>Cost</u>	<u>Estimated Fair Value</u>
Fixed income mutual funds	\$ <u>266,357</u>	\$ <u>310,847</u>

Investments consisted of the following at September 30, 2020:

	<u>Cost</u>	<u>Estimated Fair Value</u>
Fixed income mutual funds	\$ <u>261,746</u>	\$ <u>282,158</u>

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).

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

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, 2021 and 2020:

Assets at Fair Value as of September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income mutual funds	\$ 310,847	\$ -	\$ -	\$ 310,847
Total investments at fair value	<u>\$ 310,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,847</u>

Assets at Fair Value as of September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income mutual funds	\$ 282,158	\$ -	\$ -	\$ 282,158
Total investments at fair value	<u>\$ 282,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,158</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 5 • NOTE PAYABLE

Note payable at September 30, 2021, consists of the following:

	2021	2020
Long-term debt:		
Paycheck Protection Program Note Payable payable in monthly installments of \$16,683 with interest at 1.00 percent, matures October 19, 2021	\$ -	\$ 300,300
Paycheck Protection Program Note Payable payable in monthly installments of \$5,776 with interest at 1.00 percent, matures February 24, 2026	288,818	-
Less: current maturities	(59,443)	(166,833)
	\$ 229,375	\$ 133,467

Future payments on long-term debt required as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 59,443
2023	71,328
2024	71,328
2025	71,328
2026	15,391
	\$ 288,818

NOTE 6 • NET ASSETS WITH TIME AND USE RESTRICTIONS

Net assets were available for the following purposes at September 30, 2021 and 2020:

	2021	2020
In-school programs - Jackson and George counties	\$ 11,667	\$ 11,667
Hederman Memorial Fund	4,836	4,379
	\$ 16,503	\$ 16,046

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 7 • NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021 and 2020, the below net assets with donor restrictions were restricted for the purpose of establishing a permanent endowment that will fund the Organization's programs. The investment objectives of the mutual fund held by the endowment are to (1) conserve capital, (2) generate current income, and (3) provide long-term growth of capital and income.

	2021	2020
Cost, beginning	\$ 201,694	\$ 198,889
Dividend and redemption reinvestments	2,114	2,805
Cost, ending	\$ 203,808	\$ 201,694
	2021	2020
Market value, beginning	\$ 217,390	\$ 204,188
Net realized/unrealized gain	27,223	13,202
Market value, ending	\$ 244,613	\$ 217,390

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	\$ 40,805	10%
\$200,000 to under \$250,000	\$ 15,696	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	\$ 25,109	60%
\$600,000 to under \$750,000		70%
\$750,000 to under \$1,000,000	2,114	80%
\$1,000,000 and over		90%

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.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 8 • BOARD DESIGNATED NET ASSETS

The Organization's governing board had designated funds amounting to \$36,943 and \$53,121 as of September 30, 2021 and 2020, respectively, for the construction and furnishing of the multi-purpose building at Camp Iti Kana.

NOTE 9 • 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 \$500 and \$160 for the years ended September 30, 2021 and 2020, respectively. The fair value of the donated services and materials are reflected in revenues and property and equipment.

NOTE 10 • OPERATING LEASE

The Organization leases office equipment under multiple operating lease agreements through August 16, 2023. The total rent expense for these leases totaled \$52,823 and \$40,079 for the years ended September 30, 2021 and 2020, respectively.

The minimum annual rental payments under these operating leases as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 25,004
2023	13,908
2024	13,908
	<u>\$ 52,820</u>

NOTE 11 • RETIREMENT PLANS

The Organization participates in the National Girl Scout Council Retirement Plan (NGSCR) (the "Plan"), 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, 2021. 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

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 11 • RETIREMENT PLANS (continued)

amortization period for that single base was extended to ten (10) years. The Plan has elected to adopt the Pension Protection Act (PPA).

Contributions made in fiscal years 2021 and 2020 are \$145,036 and \$166,564, 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, 2021 and 2020, were \$12,843 and \$14,376, respectively.

NOTE 12 • 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, 2021 and 2020, the Organization purchased \$44,206 and \$56,910, 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 online registrations and are recorded as a liability and subsequently submitted for paper registrations. The amounts collected on behalf of GSUSA for 2021 and 2020 were \$150,676 and \$193,365, respectively. As of September 30, 2021 and 2020, \$1,965 and \$-0-, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

NOTE 13 • EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit ("CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization qualifies for the tax credit under the CARES Act and expects to receive

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2021 and 2020

NOTE 13 • EMPLOYEE RETENTION CREDIT (continued)

the full benefit of the tax credits under the relief provisions.

In accordance with FASB ASC 958-605-25-11 during the fiscal year ended September 30, 2021, the Organization recorded \$496,794 in other income related to the CARES Act on the Organization's Statement of Activities. Additionally, as of September 30, 2021, a receivable balance of \$496,794 from the United States government related to the CARES Act is recorded on the Organization's Statement of Financial Position as an "employee retention tax credit receivable".

NOTE 14 • CORONAVIRUS PANDEMIC

In April 2020, the Organization received a loan in the amount of \$303,300 under the Payroll Protection Program (PPP Loan). During fiscal year 2020, the Organization initially recorded the amount received as a note payable. The Organization filed and was subsequently granted full forgiveness of the \$300,300 PPP loan in January 2021. Upon receiving forgiveness from the Small Business Administration, the note balance was reduced and forgiven. Principal of \$300,300 and interest of \$2,526 was recognized as revenue.

In February 2021, the Organization applied for and received \$288,818 under the second draw funding of the PPP.

The \$288,818 PPP loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP loan is payable over 5 years at an interest rate of 1 percent, with a deferral of payments for the first 10 months. The Organization met the PPP's eligibility criteria and, therefore, concluded that the PPP loan represents, in substance, a loan that is expected to be forgiven. As a result, the Organization accounted for the PPP loan in accordance with FASB ASC 470, *Debt* as a note payable. Subsequent to the Organization's September 30, 2021, year-end, the Organization applied for full forgiveness of the \$288,818 loan amount. The amount of loan forgiveness the Organization may ultimately receive under the loan program is unknown. Any amounts not forgiven under this program will be treated as a loan at an interest rate of 1 percent. However, the Organization anticipates full forgiveness for the \$288,818 PPP loan.