

FINANCIAL REPORT

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

JACKSON, MISSISSIPPI

SEPTEMBER 30, 2023

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 Audit of 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, 2023 and 2022, 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, 2023 and 2022, 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.

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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.

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

January 30, 2024
Ridgeland, Mississippi

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 and 2022

ASSETS		
	<u>2023</u>	<u>2022</u>
Current assets		
Unrestricted cash	\$ 3,785,570	\$ 2,949,562
Certificate of deposit	73,106	73,084
Trade and grant accounts receivable, net	28,665	37,643
Amounts due from others	-	200,000
Inventories, net	110,487	112,183
Prepaid expenses	<u>63,610</u>	<u>60,595</u>
Total current assets	4,061,438	3,433,067
Investments	295,149	275,626
Property and equipment, net	3,082,783	3,067,732
Right of use asset, net of accumulated amortization - operating lease	<u>83,801</u>	<u>-</u>
Total assets	<u>\$ 7,523,171</u>	<u>\$ 6,776,425</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 191,734	\$ 157,121
Current operating lease liability	33,882	-
Contract liabilities	<u>20,695</u>	<u>29,987</u>
Total current liabilities	<u>246,311</u>	<u>187,108</u>
Long-term operating lease liabilities	<u>49,919</u>	<u>-</u>
Total liabilities	<u>296,230</u>	<u>187,108</u>
Net assets		
Without donor restrictions	6,977,213	6,358,520
With donor restrictions	<u>249,728</u>	<u>230,797</u>
Total net assets	<u>7,226,941</u>	<u>6,589,317</u>
Total liabilities and net assets	<u>\$ 7,523,171</u>	<u>\$ 6,776,425</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, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and reclassifications:			
Cookie Sales	\$ 5,267,412	\$ -	\$ 5,267,412
Product sales	345,990	-	345,990
Less: Cost of cookies sold	1,234,522	-	1,234,522
Cost of product sold	158,664	-	158,664
Allocations to troops and service units (cookie sales)	812,760	-	812,760
Allocations to troops and service units (product sales)	59,699	-	59,699
Income from product sales	<u>3,347,757</u>	<u>-</u>	<u>3,347,757</u>
Retail shop product sales	165,135	-	165,135
Less: Cost of retail shop products	95,313	-	95,313
Income from retail shop product sales	<u>69,822</u>	<u>-</u>	<u>69,822</u>
Contributions	72,132	-	72,132
United Way grants and allocations	17,372	20,000	37,372
Special events	53,853	-	53,853
Camping fees and event income	133,814	-	133,814
Interest and dividends	49,762	3,050	52,812
Loss on disposition of assets	(15,958)	-	(15,958)
Net realized and unrealized gains (losses)	750	17,148	17,898
Other income	35,180	-	35,180
Total support	<u>346,905</u>	<u>40,198</u>	<u>387,103</u>
Net assets released from restrictions	<u>21,267</u>	<u>(21,267)</u>	<u>-</u>
Total support and revenue	<u>3,785,751</u>	<u>18,931</u>	<u>3,804,682</u>
Expenses			
Program services:			
Membership recruitment	1,330,162	-	1,330,162
Camp	633,411	-	633,411
Program development	475,057	-	475,057
Adult services	316,708	-	316,708
Grant programs	63,343	-	63,343
Total program services	<u>2,818,681</u>	<u>-</u>	<u>2,818,681</u>
Support services:			
General and administrative	221,693	-	221,693
Fundraising	126,684	-	126,684
Total support services	<u>348,377</u>	<u>-</u>	<u>348,377</u>
Total expenses	<u>3,167,058</u>	<u>-</u>	<u>3,167,058</u>
Change in net assets	618,693	18,931	637,624
Net assets at beginning of year	<u>6,358,520</u>	<u>230,797</u>	<u>6,589,317</u>
Net assets at end of year	<u>\$ 6,977,213</u>	<u>\$ 249,728</u>	<u>\$ 7,226,941</u>

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

GIRL SCOUTS OF GREATER MISSISSIPPI, INC

STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and reclassifications:			
Cookie Sales	\$ 4,130,821	\$ -	\$ 4,130,821
Product sales	288,823	-	288,823
Less: Cost of cookies sold	1,164,208	-	1,164,208
Cost of product sold	129,412	-	129,412
Allocations to troops and service units (cookie sales)	661,583	-	661,583
Allocations to troops and service units (product sales)	49,932	-	49,932
Income from product sales	<u>2,414,509</u>	<u>-</u>	<u>2,414,509</u>
Retail shop product sales	148,814	-	148,814
Less: Cost of retail shop products	83,748	-	83,748
Income from retail shop product sales	<u>65,066</u>	<u>-</u>	<u>65,066</u>
Contributions	302,092	-	302,092
United Way grants and allocations	34,019	22,083	56,102
Special events	49,709	-	49,709
Camping fees and event income	106,964	-	106,964
Interest and dividends	2,856	2,408	5,264
Loss on disposition of assets	(946)	-	(946)
Insurance proceeds	474,774	-	474,774
Net unrealized and realized gains (losses)	(11,580)	(25,320)	(36,900)
Other income	431,278	-	431,278
Total support	<u>1,389,166</u>	<u>(829)</u>	<u>1,388,337</u>
Net assets released from restrictions	<u>29,490</u>	<u>(29,490)</u>	<u>-</u>
Total support and revenue	<u>3,898,231</u>	<u>(30,319)</u>	<u>3,867,912</u>
Expenses			
Program services:			
Membership recruitment	1,286,841	-	1,286,841
Camp	452,804	-	452,804
Program development	525,377	-	525,377
Adult services	317,320	-	317,320
Grant programs	62,111	-	62,111
Total program services	<u>2,644,453</u>	<u>-</u>	<u>2,644,453</u>
Support services:			
General and administrative	255,843	-	255,843
Fundraising	131,920	-	131,920
Total support services	<u>387,763</u>	<u>-</u>	<u>387,763</u>
Total expenses	<u>3,032,216</u>	<u>-</u>	<u>3,032,216</u>
Change in net assets	866,015	(30,319)	835,696
Net assets at beginning of year	<u>5,492,505</u>	<u>261,116</u>	<u>5,753,621</u>
Net assets at end of year	<u>\$ 6,358,520</u>	<u>\$ 230,797</u>	<u>\$ 6,589,317</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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 637,624	\$ 835,696
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Capitalized in-kind contributed services and material	(5,200)	(52,043)
Depreciation	171,205	140,618
Unrealized and realized gain on investments	(18,628)	39,829
Gain on disposition of property and equipment	(1,662)	946
Loss on donated asset	17,620	-
Reduction in carrying amount of right of use assets	21,035	-
Change in:		
Accounts receivable - trade and grant	8,978	(6,236)
Amount due from others	200,000	(200,000)
Employee retention tax credit receivable	-	496,794
Inventories	1,696	7,308
Prepaid expenses	(3,015)	(18,353)
Accounts payable and accrued expenses	34,613	42,304
PPP note forgiveness	-	(288,818)
Deferred revenue	(9,292)	2,877
Operating lease liabilities	(21,035)	-
Net change in cash from operating activities	<u>1,033,939</u>	<u>1,000,922</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(199,014)	(552,698)
Purchase of investments	(6,982)	(12,362)
Purchase of certificate of deposit	(22)	(22)
Proceeds from sale of investments	6,087	7,754
Proceeds from the sale of property, plant and equipment	2,000	-
Net change in cash from investing activities	<u>(197,931)</u>	<u>(557,328)</u>
Cash flows from financing activities:		
Proceeds from note payable	950,000	950,000
Payments on note payable	(950,000)	(950,000)
Net change in cash from financing activities	<u>-</u>	<u>-</u>
Net change in cash	836,008	443,594
Cash, beginning	<u>2,949,562</u>	<u>2,505,968</u>
Cash, ending	<u>\$ 3,785,570</u>	<u>\$ 2,949,562</u>
Cash comprised of:		
Cash, without restrictions	\$ 3,785,570	\$ 2,949,562
Cash, with Board restrictions	-	-
	<u>\$ 3,785,570</u>	<u>\$ 2,949,562</u>
Supplementary disclosure of cash flow information:		
In-kind materials and services received	<u>\$ 10,480</u>	<u>\$ 224,278</u>
Interest paid on note payable	<u>\$ 3,266</u>	<u>\$ 792</u>
ROU assets obtained in exchange for new operating lease liabilities	<u>\$ 101,664</u>	<u>\$ -</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, 2023

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 574,445	\$ 273,545	\$ 205,159	\$ 136,773	\$ 27,355	\$ 1,217,277	\$ -	\$ 95,741	\$ 54,709	\$ 1,367,727
Cost of cookies sales	-	-	-	-	-	-	1,234,522	-	-	1,234,522
Cost of fall product sales	-	-	-	-	-	-	158,664	-	-	158,664
Allocations of troops and service units (cookies)	-	-	-	-	-	-	812,760	-	-	812,760
Allocations of troops and service units (fall product)	-	-	-	-	-	-	59,699	-	-	59,699
Costs of retail shop products	-	-	-	-	-	-	95,313	-	-	95,313
Payroll taxes and benefits	163,525	77,869	58,402	38,935	7,787	346,518	-	27,254	15,574	389,346
Professional fees	29,796	14,189	10,641	7,094	1,419	63,139	-	4,966	2,838	70,943
Supplies	51,020	24,295	18,221	12,148	2,430	108,114	-	8,503	4,859	121,476
Awards and appreciation	60,413	28,768	21,576	14,384	2,877	128,018	-	10,069	5,754	143,841
Telephone	24,816	11,817	8,863	5,909	1,182	52,587	-	4,136	2,363	59,086
Postage and shipping	2,276	1,084	813	542	108	4,823	-	379	217	5,419
Occupancy	46,313	22,054	16,540	11,027	2,205	98,139	-	7,719	4,411	110,269
Building and grounds	141,180	67,229	50,421	33,614	6,723	299,167	-	23,530	13,446	336,143
Printing and advertising	13,956	6,646	4,984	3,323	665	29,574	-	2,326	1,329	33,229
Travel	17,339	8,257	6,193	4,128	826	36,743	-	2,890	1,651	41,284
Meetings	1,208	575	431	288	58	2,560	-	201	115	2,876
Special assistance	11,687	5,565	4,174	2,783	557	24,766	-	1,948	1,113	27,827
Interest	1,372	653	490	327	65	2,907	-	229	131	3,267
Bank fees	18,623	8,868	6,651	4,434	887	39,463	-	3,104	1,774	44,341
Insurance	73,683	35,087	26,315	17,544	3,509	156,138	-	12,281	7,017	175,436
Dues and subscriptions	932	444	333	222	44	1,975	-	155	89	2,219
Bad debt	10,926	5,203	3,902	2,601	520	23,152	-	1,821	1,041	26,014
Depreciation	71,906	34,241	25,681	17,121	3,424	152,373	-	11,984	6,848	171,205
Lease related expense	9,950	4,738	3,554	2,369	474	21,085	-	1,658	948	23,691
Miscellaneous	4,796	2,284	1,713	1,142	228	10,163	-	799	457	11,419
	<u>\$ 1,330,162</u>	<u>\$ 633,411</u>	<u>\$ 475,057</u>	<u>\$ 316,708</u>	<u>\$ 63,343</u>	<u>\$ 2,818,681</u>	<u>\$ 2,360,958</u>	<u>\$ 221,693</u>	<u>\$ 126,684</u>	<u>\$ 5,528,016</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, 2022

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 511,405	\$ 179,950	\$ 208,791	\$ 126,107	\$ 24,683	\$ 1,050,936	\$ -	\$ 101,675	\$ 52,427	\$ 1,205,038
Cost of cookies sales	-	-	-	-	-	-	1,164,208	-	-	1,164,208
Cost of fall product sales	-	-	-	-	-	-	129,412	-	-	129,412
Allocations of troops and service units (cookies)	-	-	-	-	-	-	661,583	-	-	661,583
Allocations of troops and service units (fall product)	-	-	-	-	-	-	49,932	-	-	49,932
Costs of retail shop products	-	-	-	-	-	-	83,748	-	-	83,748
Payroll taxes and benefits	159,429	56,099	65,090	39,314	7,695	327,627	-	31,697	16,344	375,668
Professional fees	14,801	5,208	6,043	3,650	714	30,416	-	2,943	1,517	34,876
Supplies	36,814	12,954	15,030	9,078	1,777	75,653	-	7,319	3,774	86,746
Awards and appreciation	61,668	21,699	25,177	15,207	2,976	126,727	-	12,261	6,322	145,310
Telephone	27,488	9,672	11,222	6,778	1,327	56,487	-	5,465	2,818	64,770
Postage and shipping	1,309	460	534	323	63	2,689	-	260	134	3,083
Occupancy	45,473	16,001	18,565	11,213	2,195	93,447	-	9,041	4,662	107,150
Building and grounds	240,019	84,456	97,993	59,186	11,585	493,239	-	47,719	24,606	565,564
Printing and advertising	16,762	5,898	6,843	4,133	809	34,445	-	3,332	1,718	39,495
Travel	14,617	5,143	5,968	3,604	706	30,038	-	2,906	1,498	34,442
Meetings	978	344	399	241	47	2,009	-	194	100	2,303
Special assistance	7,745	2,725	3,162	1,910	374	15,916	-	1,540	794	18,250
Interest	736	259	300	181	36	1,512	-	146	75	1,733
Bank fees	13,023	4,582	5,317	3,211	629	26,762	-	2,589	1,335	30,686
Insurance	69,911	24,600	28,543	17,239	3,374	143,667	-	13,899	7,167	164,733
Dues and subscriptions	1,218	429	497	300	59	2,503	-	242	125	2,870
Bad debt	3,443	1,212	1,406	849	166	7,076	-	685	353	8,114
Depreciation	59,677	20,999	24,364	14,716	2,880	122,636	-	11,864	6,118	140,618
Miscellaneous	325	114	133	80	16	668	-	66	33	767
	<u>\$ 1,286,841</u>	<u>\$ 452,804</u>	<u>\$ 525,377</u>	<u>\$ 317,320</u>	<u>\$ 62,111</u>	<u>\$ 2,644,453</u>	<u>\$ 2,088,883</u>	<u>\$ 255,843</u>	<u>\$ 131,920</u>	<u>\$ 5,121,099</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, 2023 and 2022

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 program, 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 sales and fall product sales 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, 2023 and 2022

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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue recognized from contracts with customers is reported separately in the accompanying statements of activities for the years ended September 30, 2023 and 2022, as follows:

- Revenue recognized at a point in time - revenue related to cookie, product, retail sales, special events and camping fees and event income are recorded as revenue at a point in time (upon delivery of the goods or service).
- Revenue recognized over a period of time: grant and other income is recorded as revenues as services are provided.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract Assets and Liabilities

Contract assets represent amounts related to services provided to others that have not been billed and that do not meet the conditions of unconditional rights to payment. The Organization does not report any contract assets in the accompanying statements of financial position as of September 30, 2023 and 2022. Income from sponsorships and grants paid in advance are reported as contract liabilities. These amounts are recognized as revenue and expenses upon the occurrence of the event.

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 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 represent 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 at September 30, 2023 and 2022.

Amounts Due from Others

Amounts due from others in 2022 represent a deposit inadvertently placed by the bank into an account in the name of a troop. The Organization contacted the bank and the account was frozen until the balance was transferred into an account in the name of the Organization.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022, 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

Advertising

The Organization expenses all advertising costs related to fundraising activities and programs as incurred. Advertising expenses for the years ended September 30, 2023 and 2022, totaled \$6,696 and \$12,320, respectively.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022. 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.

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. Ninety-two (92) percent and eighty-eight (88) 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, 2023 and 2022, respectively.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk (continued)

For the years ended September 30, 2023 and 2022, cookie sales represented eighty-six (86) and seventy-four (74) percent, respectively, of total revenue.

Liquidity and Availability

The following represents the Organization's financial assets at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 3,785,570	\$ 2,949,562
Certificate of deposit	73,106	73,084
Receivables	28,665	37,643
Amounts due from others	-	200,000
Employee retention tax credit receivable	-	496,794
Total financial assets	<u>\$ 3,887,341</u>	<u>\$ 3,757,083</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,887,341</u>	<u>\$ 3,757,083</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 \$2,400,000 and \$2,300,000 for 2023 and 2022, 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.

Leases

The Organization recognizes and measures its leases in accordance with FASB 842 Leases. The Organization is a lessee in a noncancelable operating lease for office space. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract when the terms of an existing contract are changed. The Organization recognizes a lease liability and right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization adopted the practical expedient to use the risk-free rate on all leases. The risk-free rate was determined by using the rate obtained from the Organization's annual cookie loan.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Operating ROU assets are subsequently amortized throughout the lease term at the amount of the remeasured lease liability, plus unamortized indirect costs, (if any), plus/minus any prepaid/accrued lease payments, (if any), less the unamortized balance of lease incentives received, (if any), and any impairment recognized, (if any). Lease cost for operating leases payments is recognized on a straight-line basis over the lease term and lease expense is included in the statements of activities.

New Accounting Pronouncements

The Organization applied ASC 842 using the modified retrospective approach which requires ASC 842 to be applied at its effective date and not at the beginning of the earliest comparative period. The Organization elected the practical expedient that allows lessees to choose not to separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As the application of ASC 842 had an immaterial impact on the financial statements, the Organization has not made any adjustments to the opening balance of equity as of January 1, 2022.

Subsequent Events

Subsequent events were evaluated by the Organization through January 30, 2024, 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, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Land (non-depreciable)	\$ 226,281	\$ 226,281
Building and camp facilities	6,597,309	6,578,833
Furniture and fixtures	641,927	605,097
Construction in process	<u>96,992</u>	<u>18,354</u>
	7,562,509	7,428,565
Less: accumulated depreciation	<u>(4,479,726)</u>	<u>(4,360,833)</u>
Property and equipment, net	<u>\$ 3,082,783</u>	<u>\$ 3,067,732</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 3 • INVESTMENTS

Investments consisted of the following at September 30, 2023:

	Cost	Estimated Fair Value
Fixed income mutual funds	\$ 272,747	\$ 295,149

Investments consisted of the following at September 30, 2022:

	Cost	Estimated Fair Value
Fixed income mutual funds	\$ 269,495	\$ 275,626

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, 2023 and 2022:

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of September 30, 2023

	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 295,149	\$ -	\$ -	\$ 295,149
Total investments at fair value	\$ 295,149	\$ -	\$ -	\$ 295,149

Assets at Fair Value as of September 30, 2022

	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 275,626	\$ -	\$ -	\$ 275,626
Total investments at fair value	\$ 275,626	\$ -	\$ -	\$ 275,626

NOTE 5 • RIGHT OF USE OF ASSETS AND LIABILITIES

The Organization is the lessee of operating leases for a building and telecommunications equipment for which the Organization recognizes a lease liability and an intangible right of use lease asset in the statement of financial position.

The Organization elected the practical expedient that allows lessees to choose not to separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization also elected the practical expedient package to not reassess at adoption (1) expired or existing contracts for whether they are, or contain, a lease, (2) the lease classification of any existing leases or (3) initial indirect costs for existing leases. The Organization's incremental borrowing rate at the time of lease implementation was used as the discount rate to estimate the right to use assets and liabilities for each lease. The Hattiesburg building leases has an incremental borrowing rate of 3.75 percent and the telecommunication equipment lease has an incremental borrowing rate of 8.25 percent.

Cash flow and other information related to leases is included in the following table:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 20,519
ROU assets obtained in exchange for new operating lease liabilities	\$ 101,664
Weighted-average remaining lease term in years for operating leases	2.42
Weighted-average discount rate for operating leases	6.37%

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 5 • RIGHT OF USE OF ASSETS AND LIABILITIES (continued)

<u>Maturity Analysis</u>	<u>Operating</u>
2023	\$ 38,062
2024	38,062
2025	14,372
Thereafter	-
Total undiscounted cash flows	<u>90,496</u>
Less: present value discount	<u>(6,695)</u>
Total lease liabilities	<u><u>\$ 83,801</u></u>

NOTE 6 • NET ASSETS WITH TIME AND USE RESTRICTIONS

Net assets were available for the following purposes at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
In-school programs - Jackson and George counties	\$ 5,000	\$ 6,250
Hederman Memorial Fund	<u>5,864</u>	<u>5,254</u>
	<u><u>\$ 10,864</u></u>	<u><u>\$ 11,504</u></u>

NOTE 7 • NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Cost, beginning	\$ 203,808	\$ 201,694
Dividend and redemption reinvestments	<u>2,114</u>	<u>2,114</u>
Cost, ending	<u><u>\$ 205,922</u></u>	<u><u>\$ 203,808</u></u>
	<u>2023</u>	<u>2022</u>
Market value, beginning	\$ 219,293	\$ 244,613
Net realized/unrealized gain	<u>19,588</u>	<u>(25,320)</u>
Market value, ending	<u><u>\$ 238,881</u></u>	<u><u>\$ 219,293</u></u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 7 • NET ASSETS WITH DONOR RESTRICTIONS (continued)

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%

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.

NOTE 8 • BOARD DESIGNATED NET ASSETS

The Organization's governing board had designated funds amounting to \$-0- and \$36,943 as of September 30, 2023 and 2022, 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 \$10,480 and \$224,278 for the years ended September 30, 2023 and 2022, respectively. The fair value of the donated services and materials are reflected in revenues and property and equipment.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2023 and 2022

NOTE 10 • 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. Net Plan assets grew during the year and are greater than the actuarial present value of accumulated Plan benefits as of January 1, 2021. 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. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contribution from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis.

Contributions made in fiscal years 2023 and 2022 are \$138,970 and \$144,594, 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, 2023 and 2022, were \$11,484 and \$10,166, 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, 2023 and 2022, the Organization purchased \$78,389 and \$55,974, 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 2023 and 2022 were \$200,075 and \$185,075, respectively. As of September 30, 2023 and 2022, \$-0- and \$1,925, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 12 • 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 Organization qualified for the tax credit under the CARES Act and received 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, 2023 and 2022, the Organization recorded \$-0- and \$85,310, respectively, in other income related to the CARES Act on the Organization's Statement of Activities.

NOTE 13 • CORONAVIRUS PANDEMIC

In January 2022, the Organization applied for and received \$288,818 under the second draw funding of the PPP loan. The Organization filed and was subsequently granted full forgiveness of the \$288,818 PPP loan in January 2022. Upon receiving forgiveness from the Small Business Administration, the note balance was reduced and forgiven. Principal of \$288,818 and interest of \$2,675 was recognized as other income in 2022.

NOTE 14 • PROPERTY LIEN

During August 2022, a payment dispute between a contractor and a subcontractor led the subcontractor to file a lien of \$40,504 against a camp property. The Organization plans to vigorously defend this claim as it contends all amounts owed under their agreement with the contractor have been remitted to the contractor. The Organization indicates that the contractor and the subcontractor are in mediation and anticipates resolution to the matter in the near future.