

FINANCIAL REPORT

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

JACKSON, MISSISSIPPI

SEPTEMBER 30, 2024

Presented by: Harper, Rains, Knight & Company, P.A.
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Harper, Rains, Knight & Company

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 financial statements of Girl Scouts of Greater Mississippi, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2024 and 2023, 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, 2024 and 2023, 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, which 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, which 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.

Harper, Rains, Knight & Company, P.A.

February 3, 2025
Ridgeland, Mississippi

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2024 and 2023

ASSETS		
	2024	2023
Current assets		
Unrestricted cash	\$ 3,870,531	\$ 3,785,570
Certificate of deposit	73,128	73,106
Trade accounts receivable (net of allowance for credit losses of \$7,500 for 2024 and 2023)	4,508	17,932
Grants receivable	30,733	10,733
Inventories, net	131,097	110,487
Prepaid expenses	138,496	63,610
Total current assets	4,248,493	4,061,438
Investments	348,345	295,149
Property and equipment, net	3,295,291	3,082,783
Right of use asset, net of accumulated amortization - operating lease	49,920	83,801
Total assets	\$ 7,942,049	\$ 7,523,171
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 221,280	\$ 191,734
Current operating lease liability	35,934	33,882
Contract liabilities	33,641	20,695
Total current liabilities	290,855	246,311
Long-term operating lease liabilities	13,985	49,919
Total liabilities	304,840	296,230
Net assets		
Without donor restrictions	7,343,924	6,977,213
With donor restrictions	293,285	249,728
Total net assets	7,637,209	7,226,941
Total liabilities and net assets	\$ 7,942,049	\$ 7,523,171

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and reclassifications:			
Cookie Sales	\$ 5,120,820	\$ -	\$ 5,120,820
Product sales	351,574	-	351,574
Less: Cost of cookies sold	1,271,807	-	1,271,807
Cost of product sold	158,664	-	158,664
Allocations to troops and service units (cookie sales)	788,847	-	788,847
Allocations to troops and service units (product sales)	59,699	-	59,699
Income from product sales	3,193,377	-	3,193,377
Retail shop product sales	154,454	-	154,454
Less: Cost of retail shop products	90,730	-	90,730
Income from retail shop product sales	63,724	-	63,724
Contributions	72,411	-	72,411
United Way grants and allocations	14,859	-	14,859
Special events	63,912	-	63,912
Camping fees and event income	120,045	-	120,045
Interest and dividends	113,470	4,714	118,184
Loss on disposition of assets	(1,498)	-	(1,498)
Net realized and unrealized gains	2,417	43,843	46,260
Other income	54,703	-	54,703
Total support	440,319	48,557	488,876
Net assets released from restrictions	5,000	(5,000)	-
Total support and revenue	3,702,420	43,557	3,745,977
Expenses			
Program services:			
Membership recruitment	1,334,287	-	1,334,287
Camp	733,858	-	733,858
Program development	533,714	-	533,714
Adult services	333,570	-	333,570
Grant programs	66,712	-	66,712
Total program services	3,002,141	-	3,002,141
Support services:			
General and administrative	233,498	-	233,498
Fundraising	100,070	-	100,070
Total support services	333,568	-	333,568
Total expenses	3,335,709	-	3,335,709
Change in net assets	366,711	43,557	410,268
Net assets at beginning of year	6,977,213	249,728	7,226,941
Net assets at end of year	\$ 7,343,924	\$ 293,285	\$ 7,637,209

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, 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	3,347,757	-	3,347,757
Retail shop product sales	165,135	-	165,135
Less: Cost of retail shop products	95,313	-	95,313
Income from retail shop product sales	69,822	-	69,822
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)
Insurance proceeds	-	-	-
Net unrealized and realized gains	750	17,148	17,898
Other income	35,180	-	35,180
Total support	346,905	40,198	387,103
Net assets released from restrictions	21,267	(21,267)	-
Total support and revenue	3,785,751	18,931	3,804,682
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	2,818,681	-	2,818,681
Support services:			
General and administrative	221,693	-	221,693
Fundraising	126,684	-	126,684
Total support services	348,377	-	348,377
Total expenses	3,167,058	-	3,167,058
Change in net assets	618,693	18,931	637,624
Net assets at beginning of year	6,358,520	230,797	6,589,317
Net assets at end of year	\$ 6,977,213	\$ 249,728	\$ 7,226,941

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, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 410,268	\$ 637,624
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Capitalized in-kind contributed services and material	-	(5,200)
Depreciation	173,189	171,205
Unrealized and realized gain on investments	(46,260)	(18,628)
(Gain) loss on disposition of property and equipment	1,498	(1,662)
Loss on donated asset	-	17,620
Reduction in carrying amount of right of use assets	33,881	21,035
Change in:		
Trade accounts receivable	13,424	3,956
Grants receivable	(20,000)	5,022
Amount due from others	-	200,000
Inventories	(20,610)	1,696
Prepaid expenses	(74,886)	(3,015)
Accounts payable and accrued expenses	29,546	34,613
Contract liabilities	12,946	(9,292)
Operating lease liabilities	(33,882)	(21,035)
Net change in cash from operating activities	<u>479,114</u>	<u>1,033,939</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(390,195)	(199,014)
Purchase of investments	(7,588)	(6,982)
Purchase of certificate of deposit	(22)	(22)
Proceeds from sale of investments	652	6,087
Proceeds from the sale of property, plant and equipment	3,000	2,000
Net change in cash from investing activities	<u>(394,153)</u>	<u>(197,931)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	950,000
Payments on note payable	-	(950,000)
Net change in cash from financing activities	<u>-</u>	<u>-</u>
Net change in cash	84,961	836,008
Cash, beginning	<u>3,785,570</u>	<u>2,949,562</u>
Cash, ending	<u>\$ 3,870,531</u>	<u>\$ 3,785,570</u>
Supplementary disclosure of cash flow information:		
In-kind materials and services received	<u>\$ 6,678</u>	<u>\$ 10,480</u>
Interest paid on note payable	<u>\$ -</u>	<u>\$ 3,266</u>
ROU assets obtained in exchange for new operating lease liabilities	<u>\$ -</u>	<u>\$ 101,664</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, 2024

	Membership	Camp	Program Development	Adult Services	Grants	Total Program	Cost of Sales	General and Administrative	Fundraising	Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and wages	589,875	324,431	235,950	147,469	29,494	1,327,219	-	103,228	44,241	1,474,688
Cost of cookies sales	-	-	-	-	-	-	1,271,807	-	-	1,271,807
Cost of fall product sales	-	-	-	-	-	-	158,664	-	-	158,664
Allocations of troops and service units (cookies)	-	-	-	-	-	-	788,847	-	-	788,847
Allocations of troops and service units (fall product)	-	-	-	-	-	-	-	-	-	-
Costs of retail shop products	-	-	-	-	-	-	59,699	-	-	59,699
Payroll taxes and benefits	159,525	87,739	63,810	39,881	7,976	358,931	-	27,917	11,964	90,730
Professional fees	19,972	10,984	7,989	4,993	999	44,937	-	3,495	1,498	398,812
Supplies	50,463	27,755	20,185	12,616	2,523	113,542	-	8,831	3,785	49,930
Awards and appreciation	65,909	36,250	26,364	16,477	3,295	148,295	-	11,534	4,943	126,158
Telephone	16,989	9,344	6,796	4,247	849	38,225	-	2,973	1,274	164,772
Postage and shipping	3,483	1,916	1,393	871	174	7,837	-	609	261	42,472
Occupancy	41,174	22,645	16,469	10,293	2,059	92,640	-	7,205	3,088	8,707
Building and grounds	137,138	75,426	54,855	34,284	6,857	308,560	-	23,999	10,285	102,933
Printing and advertising	24,016	13,209	9,606	6,004	1,201	54,036	-	4,203	1,801	342,844
Travel	11,268	6,197	4,507	2,817	563	25,352	-	1,972	845	60,040
Meetings	2,324	1,278	929	581	116	5,228	-	407	174	28,169
Special assistance	8,644	4,754	3,458	2,161	432	19,449	-	1,513	648	5,809
Bank fees	16,425	9,034	6,570	4,106	821	36,956	-	2,874	1,232	21,610
Insurance	92,070	50,638	36,828	23,017	4,603	207,156	-	16,112	6,905	41,062
Dues and subscriptions	1,985	1,092	794	496	99	4,466	-	347	149	230,173
Bad debt	7,926	4,360	3,171	1,982	396	17,835	-	1,387	594	4,962
Depreciation	69,275	38,102	27,710	17,319	3,464	155,870	-	12,123	5,196	19,816
Lease related expense	15,225	8,374	6,090	3,806	761	34,256	-	2,664	1,142	173,189
Miscellaneous	601	330	240	150	30	1,351	-	105	45	38,062
	\$ 1,334,287	\$ 733,858	\$ 533,714	\$ 333,570	\$ 66,712	\$ 3,002,141	\$ 2,369,747	\$ 233,498	\$ 100,070	\$ 5,705,456

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, 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.

NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2024 and 2023

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 (5,400) girls and two thousand (2,000) volunteers in forty-five (45) counties. The Organization's cookie and fall product programs 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, 2024 and 2023

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, 2024 and 2023, 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) which is when payment is due.
- Revenue recognized over a period of time: grant and other income is recorded as revenues as services are provided, payment varies in accordance with grant agreements.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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, 2024 and 2023. 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 (3) 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 its programs.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable primarily represent amounts due from special events and troops for the sale of Girl Scout cookies. The Organization provides an allowance for credit losses that is based upon management's review of historical collection experience and the aging of accounts receivable. The estimate is adjusted for management's assessment of current conditions and reasonable forecasts regarding future events. The Organization believes historical collection experience is a reasonable starting point to calculate the expected allowance for credit losses. Receivables are charged to the allowance account when they are determined to be fully uncollectible. Receivables are considered uncollectible when balances are ninety (90) days past due and when the collections process has not been successful. The allowance was \$7,500 at September 30, 2024 and 2023.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, totaled \$23,370 and \$6,696, respectively.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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, 2024 and 2023. 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 credit losses, estimated right of use asset and liability, 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.

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 (90) and ninety-two (92) percent of total purchases were from one major vendor, Ferraro USA, Inc., for the purchase of cookies for the annual cookie sale for the years ended September 30, 2024 and 2023, respectively.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk (continued)

For the years ended September 30, 2024 and 2023, cookie sales represented eighty-six (86) percent of total revenue.

Liquidity and Availability

The following represents the Organization's financial assets at September 30, 2024 and 2023:

	2024	2023
Financial assets at year-end:		
Cash	\$ 3,870,531	\$ 3,785,570
Certificate of deposit	73,128	73,106
Receivables	4,508	17,932
Total financial assets	<u>\$ 3,948,167</u>	<u>\$ 3,876,608</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,948,167</u>	<u>\$ 3,876,608</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 \$2,502,000 and \$2,400,000 for 2024 and 2023, 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 from the Organization's cookie loan during the year of lease commencement.

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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

In June 2016, the Financial Accounting Standards Board issued guidance ("FASB ASC 326") which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 consists of accounts receivable. The Organization adopted the standard effective October 1, 2023. The impact of the adoption was not considered material to the financial statements.

Subsequent Events

Subsequent events were evaluated by the Organization through February 3, 2025, 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, 2024 and 2023, are as follows:

	2024	2023
Land (non-depreciable)	\$ 226,281	\$ 226,281
Building and camp facilities	6,597,309	6,597,309
Furniture and fixtures	680,709	641,927
Construction in process	403,730	96,992
	<u>7,908,029</u>	<u>7,562,509</u>
Less: accumulated depreciation	<u>(4,612,738)</u>	<u>(4,479,726)</u>
Property and equipment, net	<u>\$ 3,295,291</u>	<u>\$ 3,082,783</u>

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

NOTE 3 • INVESTMENTS

Investments consisted of the following at September 30, 2024:

	Cost	Estimated Fair Value
Fixed income mutual funds	<u>\$ 279,427</u>	<u>\$ 348,345</u>

Investments consisted of the following at September 30, 2023:

	Cost	Estimated Fair Value
Fixed income mutual funds	<u>\$ 272,664</u>	<u>\$ 295,149</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).

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, 2024 and 2023:

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
mutual funds	\$ 348,345	\$ -	\$ -	\$ 348,345
Total investments				
at fair value	<u>\$ 348,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,345</u>

Assets at Fair Value as of September 30, 2023

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

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.

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 38,062	\$ 20,519
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 101,664
Weighted-average remaining lease term in years for operating leases	1.47	2.42
Weighted-average discount rate for operating leases	6.63%	6.37%

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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

The following table outlines maturities of lease liabilities as of September 30, 2024:

Year Ending September 30,	Operating Leases
2025	\$ 38,062
2026	14,371
Total undiscounted cash flows	52,433
Less: present value discount	(2,514)
Total lease liabilities	\$ 49,919

NOTE 6 • NET ASSETS WITH TIME AND USE RESTRICTIONS

Net assets were available for the following purposes at September 30, 2024 and 2023:

	2024	2023
In-school programs - Jackson and George counties	\$ -	\$ 5,000
Hederman Memorial Fund	7,261	5,864
	\$ 7,261	\$ 10,864

NOTE 7 • NET ASSETS WITH PERMANENT DONOR RESTRICTIONS

As of September 30, 2024 and 2023, the below net assets with donor restrictions required by the Hederman Memorial Fund 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.

	2024	2023
Cost, beginning	\$ 205,922	\$ 203,808
Dividend and redemption reinvestments	7,334	2,114
Cost, ending	\$ 213,256	\$ 205,922
	2024	2023
Market value, beginning	\$ 238,881	\$ 219,293
Net realized/unrealized gain	47,143	19,588
Market value, ending	\$ 286,024	\$ 238,881

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

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 Hederman 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 • 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 \$6,678 and \$10,480 for the years ended September 30, 2024 and 2023, respectively. The fair value of the donated services and materials are reflected in revenues and property and equipment.

NOTE 9 • 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 increased during the year, but are

GIRL SCOUTS OF GREATER MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2024 and 2023

NOTE 9 • RETIREMENT PLANS (continued)

less than the actuarial present value of accumulated Plan benefits as of January 1, 2024. 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 2024 and 2023 are \$134,260 and \$138,970, respectively. Legislative and regulatory solutions are being explored to reduce the minimum required contributions.

The Organization has a 401(k) defined contribution plan (the "401(k)") which is offered to its employees. Employees are immediately eligible to begin contributing to the 401(k). The Plan provides for matching contributions to be made by the Organization for employees with one (1) year of service and have at least 1,000 hours of service normally. The Organization's contributions to the 401(k) for the years ended September 30, 2024 and 2023, were \$10,905 and \$11,484, respectively.

NOTE 10 • 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, 2024 and 2023, the Organization purchased \$91,503 and \$78,389, 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 2024 and 2023 were \$176,975 and \$200,075, respectively. As of September 30, 2024 and 2023, \$1,186 and \$0, respectively, was due to GSUSA and included in accounts payable.