



MABLETON, GEORGIA

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022**

GIRL SCOUTS OF GREATER ATLANTA, INC.
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SEPTEMBER 30, 2023 AND 2022

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Greater Atlanta, Inc.
Mableton, Georgia

Opinion

We have audited the accompanying financial statements of Girl Scouts of Greater Atlanta, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Greater Atlanta, Inc. 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girl Scouts of Greater Atlanta, Inc. 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 the 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.

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 Girl Scouts of Greater Atlanta, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Girl Scouts of Greater Atlanta, Inc.'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 Girl Scouts of Greater Atlanta, Inc.'s ability to continue as a going concern for a reasonable period of time.

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.

Jones and Kolb

February 9, 2024

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	\$ 1,611,111	\$ 3,640,922
Investment securities	1,830,322	1,618,942
Pledges receivable, net	123,210	103,039
Other receivables, net	252,755	63,738
Prepaid expenses and other assets	443,547	389,055
Inventory	340,914	290,567
Beneficial interests in trusts	18,485	18,485
Property and equipment, net	8,785,369	9,160,240
Deferred lease asset	118,548	51,411
Cash and cash equivalents - Endowment	315,382	449,597
Investment securities - Endowment	7,300,601	6,273,332
	\$ 21,140,244	\$ 22,059,328

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,137,621	\$ 928,285
Deferred revenue	231,684	184,775
	1,369,305	1,113,060
NET ASSETS		
Without donor restrictions		
Undesignated	11,849,853	13,788,236
Board-designated endowment	7,476,020	6,599,378
	19,325,873	20,387,614
With donor restrictions	445,066	558,654
	19,770,939	20,946,268
	\$ 21,140,244	\$ 22,059,328

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions, gains and other support			
Contributions	\$ 1,620,396	\$ 373,715	\$ 1,994,111
Investment income	281,494	3,370	284,864
Net realized and unrealized gain on investments	843,388	13,043	856,431
Total contributions, gains and other support	<u>2,745,278</u>	<u>390,128</u>	<u>3,135,406</u>
Program services			
Gross product sales	17,369,372	-	17,369,372
Direct cost of product sales	(3,951,889)	-	(3,951,889)
Product sales revenue retained by troops	(3,174,421)	-	(3,174,421)
Net revenue from product sales	10,243,062	-	10,243,062
Retail store sales	699,160	-	699,160
Direct cost of retail store sales	(333,214)	-	(333,214)
Net revenue from retail store sales	365,946	-	365,946
Program fees	1,909,019	-	1,909,019
Miscellaneous income	327,098	-	327,098
Total program services	<u>12,845,125</u>	<u>-</u>	<u>12,845,125</u>
Total revenues	<u>15,590,403</u>	<u>390,128</u>	<u>15,980,531</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>503,716</u>	<u>(503,716)</u>	<u>-</u>
EXPENSES			
Program services			
Girl Scout leadership experience	4,882,475	-	4,882,475
Outdoor programs	5,512,565	-	5,512,565
Member and volunteer services	4,276,294	-	4,276,294
Total program services expenses	14,671,334	-	14,671,334
Management and general	1,297,312	-	1,297,312
Fundraising	1,187,214	-	1,187,214
Total expenses	<u>17,155,860</u>	<u>-</u>	<u>17,155,860</u>
CHANGE IN NET ASSETS	<u>(1,061,741)</u>	<u>(113,588)</u>	<u>(1,175,329)</u>
NET ASSETS AT SEPTEMBER 30, 2022	<u>20,387,614</u>	<u>558,654</u>	<u>20,946,268</u>
NET ASSETS AT SEPTEMBER 30, 2023	<u>\$ 19,325,873</u>	<u>\$ 445,066</u>	<u>\$ 19,770,939</u>

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions, gains and other support			
Contributions	\$ 3,759,933	\$ 615,612	\$ 4,375,545
Investment income	179,023	2,563	181,586
Net realized and unrealized loss on investments	<u>(2,365,781)</u>	<u>(35,649)</u>	<u>(2,401,430)</u>
Total contributions, gains and other support	<u>1,573,175</u>	<u>582,526</u>	<u>2,155,701</u>
Program services			
Gross product sales	15,550,309	-	15,550,309
Direct cost of product sales	(3,466,737)	-	(3,466,737)
Product sales revenue retained by troops	<u>(2,850,566)</u>	<u>-</u>	<u>(2,850,566)</u>
Net revenue from product sales	9,233,006	-	9,233,006
Retail store sales	631,377	-	631,377
Direct cost of retail store sales	<u>(287,038)</u>	<u>-</u>	<u>(287,038)</u>
Net revenue from retail store sales	344,339	-	344,339
Program fees	1,585,279	-	1,585,279
Miscellaneous income	<u>213,999</u>	<u>-</u>	<u>213,999</u>
Total program services	<u>11,376,623</u>	<u>-</u>	<u>11,376,623</u>
Total revenues	<u>12,949,798</u>	<u>582,526</u>	<u>13,532,324</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>451,373</u>	<u>(451,373)</u>	<u>-</u>
EXPENSES			
Program services			
Girl Scout leadership experience	4,236,784	-	4,236,784
Outdoor programs	4,735,431	-	4,735,431
Member and volunteer services	<u>3,981,317</u>	<u>-</u>	<u>3,981,317</u>
Total program services expenses	12,953,532	-	12,953,532
Management and general	1,129,221	-	1,129,221
Fundraising	<u>1,053,036</u>	<u>-</u>	<u>1,053,036</u>
Total expenses	<u>15,135,789</u>	<u>-</u>	<u>15,135,789</u>
CHANGE IN NET ASSETS	(1,734,618)	131,153	(1,603,465)
NET ASSETS AT SEPTEMBER 30, 2021	<u>22,122,232</u>	<u>427,501</u>	<u>22,549,733</u>
NET ASSETS AT SEPTEMBER 30, 2022	<u>\$ 20,387,614</u>	<u>\$ 558,654</u>	<u>\$ 20,946,268</u>

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Girl Scout Leadership Experience</u>	<u>Outdoor Programs</u>	<u>Member and Volunteer Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 2,111,279	\$ 2,075,863	\$ 2,425,321	\$ 6,612,463	\$ 645,796	\$ 705,516	\$ 7,963,775
Staff health and retirement benefits	333,186	270,859	470,841	1,074,886	151,657	83,116	1,309,659
Payroll taxes	155,330	152,379	182,266	489,975	35,607	50,475	576,057
Total personnel	2,599,795	2,499,101	3,078,428	8,177,324	833,060	839,107	9,849,491
Occupancy	124,254	803,882	94,169	1,022,305	42,962	14,567	1,079,834
Supplies	241,703	547,112	196,239	985,054	19,486	29,136	1,033,676
Professional services and fees	139,482	200,614	147,843	487,939	224,592	115,772	828,303
Girl rewards - product sales	603,652	-	-	603,652	-	-	603,652
Equipment, maintenance and repairs	115,479	140,271	153,742	409,492	68,368	72,580	550,440
Other expenses	297,253	74,380	28,534	400,167	1,559	43,051	444,777
Travel	182,112	103,315	88,807	374,234	3,493	8,986	386,713
Assistance and grants	191,003	117,405	72,172	380,580	-	-	380,580
Insurance	38,956	213,285	69,771	322,012	34,885	10,175	367,072
Advertising, printing and promotion	125,672	31,316	112,666	269,654	1,937	12,221	283,812
Telecommunications	47,038	42,822	71,595	161,455	22,255	9,398	193,108
Postage and delivery	104,357	4,105	53,525	161,987	590	4,897	167,474
Conferences and meetings	20,127	48,802	42,342	111,271	10,894	17,632	139,797
Total expenses before depreciation	4,830,883	4,826,410	4,209,833	13,867,126	1,264,081	1,177,522	16,308,729
Depreciation	51,592	686,155	66,461	804,208	33,231	9,692	847,131
Total expenses	\$ 4,882,475	\$ 5,512,565	\$ 4,276,294	\$ 14,671,334	\$ 1,297,312	\$ 1,187,214	\$ 17,155,860

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Girl Scout Leadership Experience</u>	<u>Outdoor Programs</u>	<u>Member and Volunteer Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 1,884,400	\$ 1,684,448	\$ 2,265,128	\$ 5,833,976	\$ 554,176	\$ 669,541	\$ 7,057,693
Staff health and retirement benefits	373,411	252,408	475,186	1,101,005	164,785	95,689	1,361,479
Payroll taxes	139,466	124,096	167,946	431,508	31,883	47,887	511,278
Total personnel	2,397,277	2,060,952	2,908,260	7,366,489	750,844	813,117	8,930,450
Occupancy	136,315	670,953	90,540	897,808	49,274	15,724	962,806
Supplies	171,884	480,196	169,425	821,505	12,294	23,172	856,971
Professional services and fees	159,898	171,078	141,648	472,624	148,631	49,779	671,034
Girl rewards - product sales	371,374	-	-	371,374	-	-	371,374
Equipment, maintenance and repairs	132,014	126,137	147,776	405,927	61,513	60,011	527,451
Other expenses	257,420	64,906	49,903	372,229	7,752	11,911	391,892
Travel	89,531	102,837	66,123	258,491	3,488	6,821	268,800
Assistance and grants	161,144	74,131	55,965	291,240	-	-	291,240
Insurance	43,203	190,335	53,311	286,849	30,073	9,569	326,491
Advertising, printing and promotion	104,460	34,636	103,093	242,189	3,187	9,622	254,998
Telecommunications	46,948	40,438	71,980	159,366	21,853	9,227	190,446
Postage and delivery	87,556	4,212	44,766	136,534	485	4,598	141,617
Conferences and meetings	18,364	44,924	22,632	85,920	8,297	29,454	123,671
Total expenses before depreciation	4,177,388	4,065,735	3,925,422	12,168,545	1,097,691	1,043,005	14,309,241
Depreciation	59,396	669,696	55,895	784,987	31,530	10,031	826,548
Total expenses	\$ 4,236,784	\$ 4,735,431	\$ 3,981,317	\$ 12,953,532	\$ 1,129,221	\$ 1,053,036	\$ 15,135,789

The accompanying notes to financial statements are
an integral part of this statement.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,175,329)	\$ (1,603,465)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	847,131	826,548
Net realized and unrealized (gain) loss on investments	(856,431)	2,401,430
Paycheck Protection Program loan forgiveness	-	(1,726,196)
In-kind donated equipment	-	(22,209)
Loss (gain) on disposal of property and equipment	10,563	(640)
Change in pledges receivable, net	(20,171)	11,649
Change in other receivables, net	(189,017)	1,233,837
Change in prepaid expenses and other assets	(54,492)	(125,019)
Change in inventory	(50,347)	(34,021)
Change in beneficial interests in trusts	-	(1,890)
Change in deferred lease asset	(67,137)	(51,411)
Change in accounts payable and accrued liabilities	209,336	152,343
Change in deferred revenue	46,909	39,228
	<u>(123,656)</u>	<u>2,703,649</u>
Net cash and cash equivalents (used in) provided by operating activities	<u>(1,298,985)</u>	<u>1,100,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	691,222	3,830,309
Purchases of investments	(1,073,440)	(4,042,259)
Proceeds from sale of property and equipment	4,000	640
Purchases of property and equipment	(486,823)	(414,458)
	<u>(865,041)</u>	<u>(625,768)</u>
Net cash and cash equivalents used in investing activities	<u>(865,041)</u>	<u>(625,768)</u>

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,164,026)	474,416
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>4,090,519</u>	<u>3,616,103</u>
END OF YEAR	<u><u>\$ 1,926,493</u></u>	<u><u>\$ 4,090,519</u></u>
RECONCILIATION OF END OF YEAR CASH AND CASH EQUIVALENTS TO THE AMOUNTS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 1,611,111	\$ 3,640,922
Cash and cash equivalents - Endowment	<u>315,382</u>	<u>449,597</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,926,493</u></u>	<u><u>\$ 4,090,519</u></u>

The accompanying notes to financial statements are
an integral part of these statements.

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Council

Girl Scouts of the USA ("USA") is the largest all-female serving volunteer organization in the world. Girl Scouts of Greater Atlanta, Inc. (the "Council") is one of the largest Girl Scout councils in the United States. The Council's mission statement is: Girl Scouting builds girls of courage, confidence, and character, who make the world a better place.

B. Basis of Presentation of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Council to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (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 and Net Assets as "net assets released from restrictions."

C. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

D. Cash and Cash Equivalents

Cash equivalents at September 30, 2023 and 2022 consist primarily of money market funds held in investment accounts. The Council considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents.

The Council maintains cash balances at a financial institution which may, at times, exceed the federally insured limits. Management periodically reviews the financial viability of the financial institution and does not anticipate any credit risk related losses.

E. Subordinate Unit Bank Accounts

Girl Scout troops and groups establish bank accounts under the Council's tax identification number. All group funds are maintained for the benefit of the girls within the respective group. These funds are not under the financial control of the Council and have not been included in these financial statements.

F. Pledges Receivable

The Council records unconditional pledges at fair value in the period made by donors net of allowances for amounts estimated as uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises with payments due in future years, which are not otherwise restricted, are deemed to have an implied restriction to be used in the year the payment is due and, therefore, are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current year or is received with permanent restrictions. All contributions are available for unrestricted purposes unless specifically restricted by the donor.

Pledges receivable are shown net of an allowance for doubtful accounts of \$5,800 and \$2,100 for the years ended September 30, 2023 and 2022, respectively.

G. Other Receivables

Other receivables, net of allowances for uncollectible accounts, are recorded at the amounts of cash estimated as realizable. The Council provides reserves for uncollectible accounts when specific accounts are deemed uncollectible. Other receivable balances are considered delinquent based on age and how recently payments have been received.

H. Inventory

Inventory consists of uniforms, books, badges and other scouting related items and is reported at cost.

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

I. Investment Securities

Investments are reported 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.

J. Depreciation

Property and equipment are recorded at cost, if the cost of the individual item is more than \$5,000, and are being depreciated on a straight-line basis over their estimated useful lives, which range from three to thirty years.

K. Revenue

The majority of the Council's revenues are from product sales, contributions and program fees. Product sales revenue is recorded as revenue when the sales take place or an order is shipped to the customer. Contributions are recognized as revenue when cash, securities or other assets, or an unconditional promise to give is received. Program fees are accounted for as exchange transactions and are recognized as revenue when a program or event takes place. Amounts received prior to the program or event are recorded as deferred revenue in the Statements of Financial Position.

L. In-kind Contributions

The Council records donated services as contribution revenue and expense if the services create or enhance a non-financial asset, or the services would (1) need to be purchased by the Council if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills. Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated value at date of receipt. During the years ended September 30, 2023 and 2022, the Council recorded donated materials and services totaling approximately \$50,000 and \$95,000, respectively.

M. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

N. Federal and State Income Taxes

The Council is exempt from federal and state income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986,

GIRL SCOUTS OF GREATER ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

as amended (the "Code"). As such, only unrelated business taxable income, as defined by Section 512(a)(1) of the Code, is subject to tax. The amount of the Council's unrelated business taxable income is immaterial to the financial statements. The Council had no unrelated business income tax liability for the years ended September 30, 2023 and 2022 due to the availability of net operating loss carryforwards.

At September 30, 2023, the Council has net operating loss carryforwards of approximately \$1,000,000 which could result in a tax benefit of up to \$273,000. This potential benefit has been fully offset by a valuation reserve. The loss carryforwards will expire between tax years 2023 and 2027.

The Council has taken into account the impact of Financial Accounting Standards Board Accounting Standards Codification Topic 740, Income Taxes, regarding uncertain tax positions on the financial statements. The Council had no material uncertain tax positions for the years ended September 30, 2023 and 2022.

O. Subsequent Events

Subsequent events have been evaluated by management through February 9, 2024, the date these financial statements were available to be issued.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of September 30:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,926,493	\$ 4,090,519
Investment securities	9,130,923	7,892,274
Pledges and other receivables, net	<u>375,965</u>	<u>166,777</u>
Total financial assets, at year end	11,433,381	12,149,570
Less amounts unavailable for general expenditure:		
Donor restrictions for perpetual purposes	(139,963)	(123,551)
Board-designated endowment	<u>(7,476,020)</u>	<u>(6,599,378)</u>
Total financial assets available for general expenditure	<u>\$ 3,817,398</u>	<u>\$ 5,426,641</u>

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The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Council has a Board-designated endowment of \$7,476,020 and \$6,599,378 as of September 30, 2023 and 2022, respectively, which is subject to an annual spending policy as described in Note 10. Although the Council does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

3. FAIR VALUE OF INVESTMENT SECURITIES

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council 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; and, 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 or liability'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.

As of September 30, 2023 and 2022, the only assets or liabilities that are measured at fair value on a recurring basis are investment securities. Common stocks, equity mutual and exchange traded funds, fixed income mutual funds and U.S. Treasuries are valued at the closing price reported on the active market on which the individual securities are traded. Corporate bonds and U.S. government bonds are valued based on quoted market prices for similar assets. Such investments are classified within Level 1 or Level 2 of the valuation hierarchy.

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This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities, stated at fair value, are as follows at September 30:

	2023		
	Level 1	Level 2	Total
Common stocks	\$ 2,877,018	\$ -	\$ 2,877,018
Equity mutual and exchange traded funds	3,504,197	-	3,504,197
Fixed income mutual funds	2,263,430	-	2,263,430
U.S. Treasuries	92,309	-	92,309
Corporate bonds	-	181,280	181,280
U.S. government bonds	-	212,689	212,689
	<hr/>	<hr/>	<hr/>
Total investment securities	<u>\$ 8,736,954</u>	<u>\$ 393,969</u>	<u>\$ 9,130,923</u>

	2022		
	Level 1	Level 2	Total
Common stocks	\$ 2,371,872	\$ -	\$ 2,371,872
Equity mutual and exchange traded funds	3,018,951	-	3,018,951
Fixed income mutual funds	2,010,251	-	2,010,251
U.S. Treasuries	125,885	-	125,885
Corporate bonds	-	168,914	168,914
U.S. government bonds	-	196,401	196,401
	<hr/>	<hr/>	<hr/>
Total investment securities	<u>\$ 7,526,959</u>	<u>\$ 365,315</u>	<u>\$ 7,892,274</u>

Investment income consists of the following for the years ended September 30:

	2023	2022
Interest and dividend income	\$ 340,047	\$ 244,036
Investment fees and taxes	(55,183)	(62,450)
	<hr/>	<hr/>
Total investment income	<u>\$ 284,864</u>	<u>\$ 181,586</u>

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4. PLEDGES RECEIVABLE

Pledges receivable, net at September 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Corporations, foundations and individuals	\$ 103,259	\$ 87,039
United Way	19,951	16,000
	<u> </u>	<u> </u>
Total pledges receivable, net	<u>\$ 123,210</u>	<u>\$ 103,039</u>

Total contribution income consists of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Corporations, foundations and individuals	\$ 1,809,279	\$ 2,302,574
Government grants	19,958	1,759,777
United Way	164,874	313,194
	<u> </u>	<u> </u>
Total contribution income	<u>\$ 1,994,111</u>	<u>\$ 4,375,545</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,970,974	\$ 1,970,974
Land improvements	3,879,675	3,773,679
Buildings and improvements	22,300,511	22,038,486
Vehicles	456,079	468,174
Furniture and equipment	2,976,499	2,982,828
	<u> </u>	<u> </u>
Total	31,583,738	31,234,141
Less accumulated depreciation	22,798,369	22,073,901
	<u> </u>	<u> </u>
Property and equipment, net	<u>\$ 8,785,369</u>	<u>\$ 9,160,240</u>

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6. LOAN ACCOUNTS

The Council has a line of credit ("LOC") with a financial institution that may be used to manage short-term cash flow needs throughout the year. The LOC, which allows for maximum borrowings of \$6,600,000 and \$4,715,000 at September 30, 2023 and 2022, respectively, is collateralized by all of the Council investment accounts. Amounts outstanding under the LOC accrue interest at LIBOR plus 2.00% per annum. The Council did not draw on the LOC during the years ended September 30, 2023 and 2022, and there was no outstanding borrowing at year end.

7. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended September 30, 2021, the Council received a Paycheck Protection Program ("PPP") loan in the amount of \$1,726,196 from the Small Business Administration. The loan accrued interest at 1.0% per annum, with no required payments for ten months after funding of the loan. The Council was eligible for loan forgiveness of up to 100% of the loan proceeds upon meeting certain requirements. The PPP loan was forgiven in the year ended September 30, 2022, and the full amount was reported in contributions in the Statements of Activities and Net Assets.

8. PENSION PLANS

A. Defined Contribution

The Council implemented a defined contribution pension plan as of July 1, 1996 that covers substantially all employees. Contributions to this plan for the years ended September 30, 2023 and 2022 were \$101,970 and \$106,046, respectively.

B. Defined Benefit

The Council participates in the National Girl Scout Council Retirement Plan (the "Plan"), a noncontributory defined benefit pension plan sponsored by USA (EIN 13-1624016; PN 002). 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 declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 2023. On April 8, 2014, H.R. 4275 was signed into law, which gave the Plan the flexibility to adopt the Pension Protection Act ("PPA") funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be

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subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved lowering the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in the years ended September 30, 2023 and 2022 were \$27.5 million and \$32.2 million, respectively. Aggregate contributions to be made in the year ending September 30, 2024 are expected to be \$26 million.

The Council made contributions into the Plan of \$543,264 and \$631,392 during the years ended September 30, 2023 and 2022, respectively. These contributions represented approximately 2.0% of total contributions to the Plan for each of the the years ended September 30, 2023 and 2022, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at September 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Camperships	\$ 40,110	\$ 67,827
Gold Award projects	8,339	3,374
Outreach	-	150,000
	<u>48,449</u>	<u>221,201</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors but which are unavailable for expenditures until collection	218,218	129,416
United Way allocation	19,951	66,001
Beneficial interests in trusts	18,485	18,485
	<u>256,654</u>	<u>213,902</u>
Subject to the Council's endowment spending policy and appropriation:		
Endowment	<u>139,963</u>	<u>123,551</u>
Total net assets with donor restrictions	<u>\$ 445,066</u>	<u>\$ 558,654</u>

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Net assets released from donor restrictions are as follows for the year ended September 30:

	2023	2022
Subject to expenditure for specified purpose:		
Camperships	\$ 66,693	\$ 71,368
Gold Award projects	500	12,093
Outreach	150,000	10,000
	217,193	93,461
Subject to the passage of time:		
Promises to give that are not restricted by donors but which are unavailable for expenditures until collection	220,523	319,720
United Way allocation	66,000	38,192
	286,523	357,912
Total net assets released from donor restrictions	\$ 503,716	\$ 451,373

10. ENDOWMENT

The Council's endowment includes both a donor-restricted endowment fund, which the Council must hold in perpetuity for the donor-specified purpose, and funds designated by the Board of Directors to function as an endowment. The classification of the net assets of these funds is based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as net assets with restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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- (1) The duration and preservation of the fund;
- (2) The purposes of the Council and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Council; and,
- (7) The investment policies of the Council.

The Council has adopted investment and spending policies that attempt to preserve endowment assets by using funding only when the Council determines it is prudent, such as when operating cash is insufficient. The current spending policy is to distribute an amount of earnings from investments not to exceed 4.5% of the three-year rolling average market value of the endowment's corpus annually. Accordingly, over the long term, the Council expects the current spending policy to allow the endowment assets to grow and improve the Council's overall financial strength. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Activity in the endowment investment accounts was as follows:

	Board- Designated Endowment	Perpetual in Nature	Total
Balance at September 30, 2022	\$ 6,599,378	\$ 123,551	\$ 6,722,929
Interest and dividends	224,428	4,202	228,630
Fees and taxes	(44,451)	(832)	(45,283)
Realized/unrealized gain	696,665	13,043	709,708
	<u>\$ 7,476,020</u>	<u>\$ 139,964</u>	<u>\$ 7,615,984</u>
Balance at September 30, 2023	<u>\$ 7,476,020</u>	<u>\$ 139,964</u>	<u>\$ 7,615,984</u>

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	<u>Board- Designated Endowment</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Balance at September 30, 2021	\$ 8,366,650	\$ 156,637	\$ 8,523,287
Interest and dividends	187,197	3,505	190,702
Fees and taxes	(50,294)	(942)	(51,236)
Realized/unrealized loss	(1,904,175)	(35,649)	(1,939,824)
Balance at September 30, 2022	<u>\$ 6,599,378</u>	<u>\$ 123,551</u>	<u>\$ 6,722,929</u>

11. PRODUCT PROGRAMS

Annually, the Council conducts entrepreneurship programs through which its girl members sell cookies and other products while learning business and life skills. Net revenue from product programs represents approximately 64% and 68% of total Council revenue for the years ended September 30, 2023 and 2022, respectively. Following is a detail of net revenue from product programs for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Gross product sales:		
Cookies	\$ 16,472,097	\$ 14,773,846
Chocolate, nuts and magazines	897,275	776,463
Total gross product sales	<u>17,369,372</u>	<u>15,550,309</u>
Direct cost of sales and other direct deductions:		
Cookies	3,607,733	3,196,758
Chocolate, nuts and magazines	344,156	269,979
Product sales revenue retained by troops	<u>3,174,421</u>	<u>2,850,566</u>
Total direct cost of sales and other deductions	<u>7,126,310</u>	<u>6,317,303</u>
Net revenue from product sales	<u>\$ 10,243,062</u>	<u>\$ 9,233,006</u>

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12. OPERATING LEASES

On May 3, 2022, the Council entered into an agreement to lease certain property and improvements located at Camp Timber Ridge to a charter school under a noncancelable operating lease with a five-year term. The agreement provides for monthly base rental payments plus the difference between the base rent and six percent of the school's net public revenue received from the Georgia State Charter School Commission. The agreement, which expires in June 2027, includes an option for the school to enter into six consecutive five-year lease terms, subject to the terms and conditions of the lease. Rental income, which is included in miscellaneous income in the Statements of Activities and Net Assets, totaled \$198,387 and \$82,661 for the years ended September 30, 2023 and 2022, respectively.

Future minimum base rental payments to be received under the lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 168,750
2025	231,250
2026	256,250
2027	<u>206,250</u>
Total	<u>\$ 862,500</u>