



Financial Statements

September 30, 2024 and 2023

# Girl Scouts - Arizona Cactus-Pine Council, Inc.

Independent Auditor’s Report ..... 1

Financial Statements

    Statements of Financial Position..... 3

    Statements of Activities ..... 4

    Statements of Functional Expenses ..... 5

    Statements of Cash Flows ..... 7

    Notes to Financial Statements ..... 9



## **Independent Auditor's Report**

The Board of Directors  
Girl Scouts - Arizona Cactus-Pine Council, Inc.  
Phoenix, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Girl Scouts - Arizona Cactus-Pine Council, Inc. (the Council), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Council 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 Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Council 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.

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 Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of 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 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 Council'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 Council'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.

*Eide Bailly LLP*

Phoenix, Arizona  
January 16, 2025

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Financial Position

September 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,310,455	\$ 10,867,530
Short-term investments	2,264,383	2,139,931
Promises to give, net		
United Way	5,508	5,625
Other	884,250	1,749,107
Accounts receivable, net of allowance for credit losses of \$196,709 and \$181,474, respectively	63,443	88,212
Employee retention credit receivable	577,795	577,795
Inventory	221,565	204,526
Prepaid expenses	253,897	282,317
Total current assets	12,581,296	15,915,043
Long-term promises to give, net	77,525	717,604
Investments	15,034,329	12,736,717
Property and equipment, net	17,113,002	17,500,210
Operating lease right of use asset	191,088	220,370
Total assets	<u>\$ 44,997,240</u>	<u>\$ 47,089,944</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 940,750	\$ 853,488
Deferred income	112,242	72,077
Amount due to Girl Scouts of the USA	16,384	19,627
Operating lease liability, current portion	33,406	30,977
Finance lease liability, current portion	12,009	11,508
Current portion of bond payable	421,670	407,803
Total current liabilities	1,536,461	1,395,480
Operating lease liability, less current portion	173,661	209,732
Finance lease liability, less current portion	23,892	35,879
Bond payable, less current portion and unamortized bond issuance costs of \$15,757 and \$25,710, respectively	205,239	616,451
Total liabilities	<u>1,939,253</u>	<u>2,257,542</u>
Net Assets		
Without donor restrictions		
Board-designated	14,001,047	15,477,103
Undesignated	27,839,781	26,642,453
Total net assets without donor restrictions	41,840,828	42,119,556
With donor restrictions	1,217,159	2,712,846
Total net assets	<u>43,057,987</u>	<u>44,832,402</u>
Total liabilities and net assets	<u>\$ 44,997,240</u>	<u>\$ 47,089,944</u>

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Activities

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Contributions	\$ 957,290	\$ 324,912	\$ 1,282,202	\$ 1,211,334	\$ 1,236,890	\$ 2,448,224
United Way	17,307	7,344	24,651	62,286	7,500	69,786
Revenue						
Program service fees, including camp fees	618,415	-	618,415	715,777	-	715,777
Product program sales	18,350,256	-	18,350,256	16,602,357	-	16,602,357
Cost of product program sales	(4,647,692)	-	(4,647,692)	(3,867,891)	-	(3,867,891)
Allocation to Troops	(3,186,858)	-	(3,186,858)	(2,843,603)	-	(2,843,603)
Net product program sales	10,515,706	-	10,515,706	9,890,863	-	9,890,863
Sale of Girl Scout merchandise	573,689	-	573,689	553,480	-	553,480
Cost of Girl Scout merchandise sales	(367,877)	-	(367,877)	(322,599)	-	(322,599)
Net Girl Scout merchandise sales	205,812	-	205,812	230,881	-	230,881
Miscellaneous	56,549	-	56,549	31,039	-	31,039
Net assets released from restrictions	1,827,943	(1,827,943)	-	1,205,750	(1,205,750)	-
Total support and revenue	14,199,022	(1,495,687)	12,703,335	13,347,930	38,640	13,386,570
Expenses						
Program services	14,761,525	-	14,761,525	13,072,033	-	13,072,033
Management and general	1,922,388	-	1,922,388	1,968,732	-	1,968,732
Fundraising	772,891	-	772,891	716,407	-	716,407
Total expenses	17,456,804	-	17,456,804	15,757,172	-	15,757,172
Change in Net Assets before Non-Operating Activity	(3,257,782)	(1,495,687)	(4,753,469)	(2,409,242)	38,640	(2,370,602)
Other interest	-	-	-	55,541	-	55,541
Net investment return	2,979,054	-	2,979,054	2,157,518	-	2,157,518
Change in Net Assets	(278,728)	(1,495,687)	(1,774,415)	(196,183)	38,640	(157,543)
Net Assets, Beginning of Year	42,119,556	2,712,846	44,832,402	42,315,739	2,674,206	44,989,945
Net Assets, End of Year	\$ 41,840,828	\$ 1,217,159	\$ 43,057,987	\$ 42,119,556	\$ 2,712,846	\$ 44,832,402

See Notes to Financial Statements

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Functional Expenses  
Years Ended September 30, 2024 and 2023

	2024						
	Program Services				Supporting Services		
	Girl Programs	Membership Support	Volunteer Support	Total	Management and General	Fundraising	Total
Salaries and Related Personnel Expenses	\$ 3,578,087	\$ 2,697,691	\$ 1,041,294	\$ 7,317,072	\$ 1,315,310	\$ 316,894	\$ 8,949,276
Supplies and Incentives	2,227,682	141,004	394,809	2,763,495	29,905	86,476	2,879,876
Professional Services	355,377	172,271	91,084	618,732	198,224	97,598	914,554
Telephone	79,502	62,708	14,542	156,752	15,313	6,391	178,456
Postage and Shipping	20,928	14,473	11,554	46,955	3,199	2,058	52,212
Occupancy	677,709	46,557	32,809	757,075	18,109	7,234	782,418
Equipment Rental	45,635	1,270	1,247	48,152	645	26,290	75,087
Conferences, Conventions, and Meetings	72,445	49,884	14,226	136,555	27,980	23,046	187,581
Printing and Publications	122,741	65,776	25,922	214,439	23,730	46,532	284,701
Depreciation and Amortization	644,189	271,847	149,100	1,065,136	138,001	55,483	1,258,620
Interest	24,870	10,495	5,756	41,121	5,328	2,142	48,591
Miscellaneous	1,048,455	252,929	294,657	1,596,041	146,644	102,747	1,845,432
Cost of Sales - Product Program	4,647,692	-	-	4,647,692	-	-	4,647,692
Cost of Sales - Allocation to Troops	3,186,858	-	-	3,186,858	-	-	3,186,858
Cost of Sales - Girl Scout merchandise	-	-	367,877	367,877	-	-	367,877
	16,732,170	3,786,905	2,444,877	22,963,952	1,922,388	772,891	25,659,231
Less Expenses Included with Revenues on the Statement of Activities							
Cost of sales - product program	(4,647,692)	-	-	(4,647,692)	-	-	(4,647,692)
Cost of sales - allocation to Troops	(3,186,858)	-	-	(3,186,858)	-	-	(3,186,858)
Cost of sales - Girl Scout merchandise	-	-	(367,877)	(367,877)	-	-	(367,877)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 8,897,620</u>	<u>\$ 3,786,905</u>	<u>\$ 2,077,000</u>	<u>\$ 14,761,525</u>	<u>\$ 1,922,388</u>	<u>\$ 772,891</u>	<u>\$ 17,456,804</u>

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Functional Expenses  
Years Ended September 30, 2024 and 2023

	2023						
	Program Services				Supporting Services		
	Girl Programs	Membership Support	Volunteer Support	Total	Management and General	Fundraising	Total
Salaries and Related Personnel Expenses	\$ 3,113,336	\$ 2,412,977	\$ 901,429	\$ 6,427,742	\$ 1,254,200	\$ 343,090	\$ 8,025,032
Supplies and Incentives	1,895,795	162,537	234,264	2,292,596	34,768	69,332	2,396,696
Professional Services	502,839	137,948	67,433	708,220	197,512	103,162	1,008,894
Telephone	57,806	54,662	10,709	123,177	12,487	5,134	140,798
Postage and Shipping	20,832	13,788	5,599	40,219	2,698	5,140	48,057
Occupancy	556,286	51,387	21,024	628,697	24,523	9,711	662,931
Equipment Rental	42,110	911	397	43,418	4,987	11,675	60,080
Conferences, Conventions, and Meetings	49,511	42,384	8,724	100,619	42,407	12,127	155,153
Printing and Publications	128,567	72,042	32,792	233,401	30,306	20,823	284,530
Depreciation and Amortization	615,925	268,424	129,352	1,013,701	152,769	55,591	1,222,061
Interest	31,022	13,520	6,515	51,057	7,694	2,800	61,551
Miscellaneous	931,863	228,607	248,716	1,409,186	204,381	77,822	1,691,389
Cost of Sales - Product Program	3,867,891	-	-	3,867,891	-	-	3,867,891
Cost of Sales - Allocation to Troops	2,843,603	-	-	2,843,603	-	-	2,843,603
Cost of Sales - Girl Scout merchandise	-	-	322,599	322,599	-	-	322,599
	14,657,386	3,459,187	1,989,553	20,106,126	1,968,732	716,407	22,791,265
Less Expenses Included with Revenues on the Statement of Activities							
Cost of sales - product program	(3,867,891)	-	-	(3,867,891)	-	-	(3,867,891)
Cost of sales - allocation to Troops	(2,843,603)	-	-	(2,843,603)	-	-	(2,843,603)
Cost of sales - Girl Scout merchandise	-	-	(322,599)	(322,599)	-	-	(322,599)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 7,945,892</u>	<u>\$ 3,459,187</u>	<u>\$ 1,666,954</u>	<u>\$ 13,072,033</u>	<u>\$ 1,968,732</u>	<u>\$ 716,407</u>	<u>\$ 15,757,172</u>



Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (1,774,415)	\$ (157,543)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	1,258,620	1,222,061
Interest expense attributable to amortization of debt issuance costs	9,953	9,953
Net realized and unrealized gain on investments	(2,207,364)	(1,421,491)
Credit losses	106,714	22,164
Donated property and equipment	-	(52,164)
Change in assets and liabilities		
Promises to give, United Way	117	1,875
Promises to give, other	1,504,936	(168,426)
Accounts receivable, net	(81,945)	(27,269)
Employee retention credit receivable	-	590,568
Inventory	(17,039)	(6,801)
Prepaid expenses	28,420	(56,476)
Operating lease assets and liabilities	(4,360)	20,339
Accounts payable and accrued expenses	87,262	255,153
Deferred income	40,165	(367,541)
Amount due to Girl Scouts of the USA	(3,243)	3,755
Net Cash used for Operating Activities	(1,052,179)	(131,843)
Investing Activities		
Purchases of property and equipment	(871,410)	(941,226)
Purchases of investments	(10,353,548)	(9,257,240)
Proceeds from sale of investments	10,138,848	9,101,167
Net Cash used for Investing Activities	(1,086,110)	(1,097,299)
Financing Activities		
Principal payments on finance leases	(11,488)	(13,588)
Payments on bond payable	(407,298)	(394,102)
Net Cash used for Financing Activities	(418,786)	(407,690)
Net Change in Cash and Cash Equivalents	(2,557,075)	(1,636,832)
Cash and Cash Equivalents, Beginning of Year	10,867,530	12,504,362
Cash and Cash Equivalents, End of Year	\$ 8,310,455	\$ 10,867,530

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

---

	<u>2024</u>	<u>2023</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 38,638</u>	<u>\$ 51,598</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Lease liabilities arising from obtaining right of use assets	<u>\$ -</u>	<u>\$ 27,084</u>

## **Note 1 - Nature of Operations and Significant Accounting Policies**

### **Nature of Operations**

Girl Scouts - Arizona Cactus-Pine Council, Inc. (the Council) shares the mission of Girl Scouts of the USA to “build girls of courage, confidence, and character who make the world a better place.” The Girl Scout Movement was founded to help all girls to reach their full potential and to create a safe place for girls to foster their individual growth, self-sufficiency, and leadership.

The Council provides access to skill-building program opportunities and supportive adults through the Girl Scout Leadership Experience—their research-backed learning model that guides girls through discovering, connecting, and taking action. Girls participate through troops, staff-led programs, day and residential camp, council sponsored events, program partnerships, and travel opportunities as they focus on four key areas: Outdoors, STEM (Science, Technology, Engineering, and Math), Entrepreneurship, and Life Skills. The Girl Scout Cookie Program is the nation's largest girl-run financial literacy enterprise.

The Council's membership is comprised of more than 13,000 K-12 girls and more than 8,500 adult members and volunteers across a jurisdiction that includes two-thirds of Arizona. About 85% of the girls who benefit from the Council's programs reside in Maricopa County, and membership also includes girls living in Apache, Coconino, Gila, La Paz, Mohave, Navajo, and Yavapai counties, the northern half of Pinal and Graham counties, the portion of the Navajo Nation that extends into Utah and New Mexico, and the southern portion of Clark County, Nevada.

As an independent 501(c)(3) nonprofit organization, chartered by Girl Scouts of the USA, the Council is governed and supervised by a volunteer Board of Directors elected by delegate members at an annual meeting.

### **Cash and Cash Equivalents**

The Council considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Council are excluded from this definition.

Cash does not include bank accounts held by Girl Scout troops and other groups such as service units under the federal identification number of the Council. Bank accounts held by troops and groups are under the federal identification number but are not under the control of the Council. The Council has no signature authority over and will not access the funds in these accounts as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purpose of Girl Scouting as determined by the members and adult volunteers. If a troop or group is about to disband, the troop may use the funds to pay for a final group activity or to donate to groups or projects considered worthwhile. If a troop or group disbands without making a determination as to the final distribution of funds, the funds will revert to the Council for a holding period in case the troop re-forms, or members of the troop join another troop. After this time, if funds are not claimed they will be considered a donation to the Council.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consist primarily of noninterest-bearing amounts due for membership and cookie programs. Allowance for credit losses is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at September 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

Management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes and are instead written off when deemed uncollectable. At September 30, 2024 and 2023, the allowance was \$196,709 and \$181,474, respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred income in the accompanying statements of financial position.

Changes in the allowance for credit losses for receivables are as follows for the year ended September 30, 2024:

Allowance for Credit Losses, Beginning of Year	\$ 181,474
Provision for credit losses	106,714
Charge-offs	<u>(91,479)</u>
Allowance for Credit Losses, End of Year	<u><u>\$ 196,709</u></u>

**Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2024 and 2023, the Council has determined all outstanding promises to give are collectible and no allowance has been recorded.

**Inventory**

Inventory is comprised of program-related merchandise held for sale in the Council shop and is stated at the lower of cost, determined on an average cost basis, or net realizable value.

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Council reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2024 and 2023.

**Right of Use Leased Assets and Liabilities**

Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent the Council's right to use an underlying asset and lease obligations for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

**Bond Issuance Costs**

Bond issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method. Bond issuance costs are included within bond payable in the statements of financial position. Amortization of bond issuance costs is included in interest expense in the accompanying financial statements.

**Investments**

The Council records purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**Net Assets**

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 certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for property replacement, recovery and future funds, and the pension obligation and succession planning.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor (or grantor) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Council reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor 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 and Revenue Recognition**

Earned revenue consists primarily of product sales consisting of program cookie and other product sales, program service fees, and other revenues which includes sale of Girl Scout merchandise. Revenue related to program product sales and sale of Girl Scout merchandise is recognized at a point in time, when the sale takes place and the performance obligation is satisfied. Revenue related to program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, and are recognized over time. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give received during the years ended September 30, 2024 and 2023 are \$0 and \$130,000, respectively.

**Cookie Program Activity Credits**

As a program reward, the Council issues credits to members who sell a certain number of cookies, which are redeemable for program and membership fees and Girl Scout merchandise. The value of these credits is recorded as an expense of cookie program sales. Unredeemed and available credits are reflected in the financial statements as accrued payables. Credits expire within a specified time period and are charged back to accrued expenses upon expiry.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Council's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Council records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended September 30, 2024 and 2023.

**Advertising Costs**

Advertising costs are expensed as incurred and approximated \$161,000 and \$168,000 for the years ended September 30, 2024 and 2023, respectively.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, and interest, which are allocated based on the percentage of overall direct expenses. Certain expenses are charged to program services and supporting services categories in the statements of functional expenses based on direct expenditures incurred.

**Income Tax**

The Council is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Council is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Council is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Council is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (IRS Form 990-T) with the IRS or the Arizona equivalent, Form 99-T.

Management believes that it has appropriate support for any tax positions taken affecting the Council's annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Council would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

**Financial Instruments and Credit Risk**

The Council manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Council has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Council's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Council. Additionally, a significant portion of the Council's revenues result from the annual cookie program. Loss of this revenue source would have a significant adverse effect upon the Council.

The Council maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) up to \$250,000 per depositor, per insured bank, for each account ownership category. At September 30, 2024 and 2023, the Council had approximately \$7,896,000 and \$10,484,000, respectively, in excess of FDIC/NCUA-insured limits.

**Adoption of New Accounting Standard**

As of October 1, 2023, the Council adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Council adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after October 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of the adoption of the new credit loss guidance, the Council recognized no impact to net assets. The adoption of the new standard did not materially impact the Council's statements of activities or statements of cash flows.



## Subsequent Events

The Council has evaluated subsequent events through January 16, 2025, the date which the financial statements were available to be issued. In November 2024, the Council received a denial notice from the Internal Revenue service ("IRS") for the second Employee Retention Credit payment of approximately \$578,000 with an option to appeal. Management believes the Council is eligible to receive such payment and has appealed the IRS decision.

## Note 2 - Liquidity and Availability

The Council regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the return on investment of its available funds. For purposes of analyzing resources available to meet general expenditures over the next 12 months, the Council considers all expenditures related to their ongoing activities, excluding depreciation expense, to be general expenditures. The Council prepares annual budgets to manage liquidity and to determine general expenditures over the next 12 months. The Council anticipates collections of seasonal product sales, program revenues, and donor contributions sufficient to cover general expenditures during that period.

The following table reflects the Council's financial assets as of September 30, 2024 and 2023, reduced by amounts that are not currently available to meet general expenditures within one year of the statement of financial position date due to donor restrictions or internal board designations. Board-designated funds are intended to fund future capital projects, future membership recovery, early-stage strategic initiatives, and pension/succession planning, which are Board-approved but not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	2024	2023
Cash and cash equivalents	\$ 8,310,455	\$ 10,867,530
Short-term investments	2,264,383	2,139,931
Accounts receivable, net	63,443	88,212
Employee retention credit receivable	577,795	577,795
Promises to give, current portion	889,758	1,754,732
Investments	15,034,329	12,736,717
 Total financial assets	 27,140,163	 28,164,917
 Less Board-designated net assets	 (14,001,047)	 (15,477,103)
Less net assets with donor restrictions	(1,217,159)	(2,712,846)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 11,921,957	 \$ 9,974,968

While a portion of the Council's investments are classified as long-term in the accompanying statements of financial position, based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs.

**Note 3 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows as of September 30:

	2024	2023
Within one year	\$ 889,758	\$ 1,754,732
In one to five years	120,000	750,000
	1,009,758	2,504,732
Less discount to net present value at 3.3%	(42,475)	(32,396)
	<u>\$ 967,283</u>	<u>\$ 2,472,336</u>

At September 30, 2024, two donors accounted for 79% of the outstanding promises to give, and at September 30, 2023, two donors accounted for 95% of the outstanding promises to give. There were no concentrations of contributions during the years ended September 30, 2024 and 2023.

**Note 4 - Property and Equipment**

Property and equipment consist of the following at September 30:

	2024	2023
Buildings and improvements	\$ 30,392,022	\$ 29,874,271
Equipment	1,996,694	1,797,030
Vehicles	746,412	714,954
Computer hardware and software	1,170,743	1,082,757
	34,305,871	33,469,012
Accumulated depreciation	(17,936,163)	(16,712,096)
	16,369,708	16,756,916
Land	743,294	743,294
Property and equipment, net	<u>\$ 17,113,002</u>	<u>\$ 17,500,210</u>

**Note 5 - Fair Value Measurements and Disclosure**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Council develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Council's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Council's investment assets are classified within Level 1 because they comprise equity securities, treasury notes, and exchange traded funds with readily determinable fair values based on daily redemption values. The Council invests in an annuity. The annuity is valued by the custodian of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and is classified within Level 2.

The fair value of the Council's beneficial interest in assets held by the Arizona Community Foundation (the Foundation) is based on the fair value of fund investments as reported by the Foundation. Funds held by the Foundation are part of pooled investments, invested in debt and equity securities, and are valued at the fair value reported by the Foundation. These funds held by the Foundation can be redeemed by the Council at any time. These are considered to be Level 2 measurements.

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified in the following, at September 30, 2024:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities	\$ 8,913,013	\$ 8,913,013	\$ -	\$ -
Treasury notes	4,803,380	4,803,380	-	-
Cash and money market funds (at cost)	1,404,094	-	-	-
Exchange traded funds				
Equity securities	1,070,968	1,070,968	-	-
Annuity	75,194	-	75,194	-
	16,266,649	14,787,361	75,194	-
Assets held by community foundation	1,032,063	-	1,032,063	-
Total	<u>\$ 17,298,712</u>	<u>\$ 14,787,361</u>	<u>\$ 1,107,257</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified in the following, at September 30, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities	\$ 7,310,654	\$ 7,310,654	\$ -	\$ -
Treasury notes	5,180,056	5,180,056	-	-
Cash and money market funds (at cost)	455,024	-	-	-
Exchange traded funds				
Equity securities	998,672	998,672	-	-
Annuity	56,566	-	56,566	-
	14,000,972	13,489,382	56,566	-
Assets held by community foundation	875,676	-	875,676	-
Total	<u>\$ 14,876,648</u>	<u>\$ 13,489,382</u>	<u>\$ 932,242</u>	<u>\$ -</u>

Net investment return consisted of the following for the years ended September 30:

	2024	2023
Dividends and interest	\$ 859,741	\$ 815,251
Net realized and unrealized gains	2,207,364	1,421,491
Investment fees	(88,051)	(79,224)
Net investment return	<u>\$ 2,979,054</u>	<u>\$ 2,157,518</u>

#### **Note 6 - Due to Girl Scouts of the USA and Related Party Transactions**

The Council holds disbanded troop treasury funds in the amounts of \$15,039 and \$19,912, as of September 30, 2024 and 2023, respectively. These funds are awaiting distribution to new troops in the area of the disbanded troops or being recognized as donations if no troop reforms in the area of the disbanded troops.

During the years ended September 30, 2024 and 2023, the Council made payments to Girl Scouts of the USA (GSUSA), totaling approximately \$487,000 and \$466,000, respectively, for membership dues for girls and adult volunteers with a demonstrated need for financial assistance, inventory, software licenses, and web hosting fees.

During the years ended September 30, 2024 and 2023, the Council received approximately \$157,000 and \$103,000, respectively, in grants and other financial assistance from GSUSA.

The Council's Board of Directors is committed to the financial success of the Council and regularly makes contributions to the Council. During the years ended September 30, 2024 and 2023, board members gave approximately \$26,000 and \$19,000, respectively.

#### **Note 7 - Bond Payable**

In March 2015, the Council entered into an agreement with the Industrial Development Authority of the City of Phoenix to issue Direct Purchase Revenue Bonds, Series 2015 (the bond) in the amount of \$10,000,000 for a term of twenty-five years. The bond is collateralized by certain real property as set forth in the agreement. Effective March 29, 2017, the bond agreement was amended to reflect the Council's decision to prepay principal on the bond so that the outstanding principal of the bonds was \$7,000,000, and to cause a corresponding portion of the bond to be optionally redeemed. The repayment schedule was modified to reflect the new principal balance; however, no changes were made to the bond term. During the year ended September 30, 2018, the Council made an additional principal payment of \$3,600,000. This principal prepayment did not change the bond terms. However, based on the current payment schedule, the bond will be paid in full in 2026.

At September 30, 2024 and 2023, the Council had outstanding principal of the bond of \$642,666 and \$1,049,964, respectively. Interest on the bond is payable monthly at a fixed rate of 3.3%, which will continue for the life of the bond. The bond contains certain covenants related to a minimum debt service coverage ratio the Council must comply with.

Annual principal payments on the bond are scheduled for repayment as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2025	\$ 421,670
2026	220,996
Total	642,666
Less bond issuance costs	(15,757)
Total bond payable	<u>\$ 626,909</u>

#### **Note 8 - Employee Retention Credit**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit (the credit), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 (collectively the Acts) expanded the availability of the credit and extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from \$5,000 to \$21,000. During the year ended September 30, 2022, the Council recorded a \$1,168,363 benefit related to the credit. As of September 30, 2024, the Council has an outstanding receivable balance of \$577,795.

The Council has elected to account for the credits by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, the Council records contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

The Council's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

**Note 9 - Board-Designated Net Assets Without Donor Restrictions**

Board-designated net assets without donor restrictions consist of the following balance for the years ended September 30:

	2023	Designated	Released	2024
Board-designated net assets				
Property replacement	\$ 6,754,197	\$ 1,222,061	\$ (928,700)	\$ 7,047,558
Future funds	1,969,648	-	(1,969,648)	-
Recovery fund	5,971,072	785,304	(1,769,415)	4,986,961
Succession/Pension fund	782,186	1,184,342	-	1,966,528
Total	<u>\$ 15,477,103</u>	<u>\$ 3,191,707</u>	<u>\$ (4,667,763)</u>	<u>\$ 14,001,047</u>

  

	2022	Designated	Released	2023
Board-designated net assets				
Property replacement	\$ 6,356,544	\$ 1,240,177	\$ (842,524)	\$ 6,754,197
Future funds	1,969,648	-	-	1,969,648
Recovery fund	6,071,072	-	(100,000)	5,971,072
Succession/Pension fund	842,186	-	(60,000)	782,186
Total	<u>\$ 15,239,450</u>	<u>\$ 1,240,177</u>	<u>\$ (1,002,524)</u>	<u>\$ 15,477,103</u>

**Note 10 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes for the years ended September 30:

	2024	2023
Subject to Expenditure for a Specified Purpose		
Scholarships and camperships	\$ 44,672	\$ 27,307
Girl programming	148,155	161,896
Recruitment	30,698	25,930
Other	26,351	25,377
	<u>249,876</u>	<u>240,510</u>
Subject to the Passage of Time		
Fiscal year operations - United Way	5,508	5,625
Fiscal year operations - general	961,775	2,466,711
	<u>967,283</u>	<u>2,472,336</u>
Total net assets with donor restrictions	<u>\$ 1,217,159</u>	<u>\$ 2,712,846</u>

Girl Scouts - Arizona Cactus-Pine Council, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2024	2023
Satisfaction of purpose restrictions		
Scholarships and camperships	\$ 2,660	\$ 33,238
Girl programming	175,495	221,377
Other	71,720	121,560
Expiration of time restrictions		
Fiscal year operations - United Way	7,461	9,375
Fiscal year operations - general	1,570,607	820,200
Total net assets released from restrictions	<u>\$ 1,827,943</u>	<u>\$ 1,205,750</u>

## Note 11 - Leases

The Council leases certain facilities and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from one year to five years. The Council included in the determination of the right of use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Council to pay real estate taxes, insurance, and repairs.

The Council has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate. The Council has applied the risk-free rate option to all leases.

The Council has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total right of use assets at September 30, 2024 and 2023 were as follows:

Lease Assets - Classification in Statement of Financial Position	2024	2023
Operating right of use assets - Operating lease right of use asset	\$ 191,088	\$ 220,370
Finance right of use assets - Property and equipment, net	34,837	47,885
Total leased assets	<u>\$ 225,925</u>	<u>\$ 268,255</u>



Girl Scouts - Arizona Cactus-Pine Council, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Total lease costs for the years ended September 30, 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	\$ 37,781	\$ 37,781
Finance lease cost		
Interest expense	1,689	937
Amortization of right-of-use assets	12,320	12,722

The following table summarizes the supplemental cash flow information for the years ended September 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 39,475	\$ 38,326
Operating cash flows from finance leases	1,689	937
Financing cash flows from finance leases	11,488	13,588

The following summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended September 30, 2024 and 2023:

	2024	2023
Weighted-average remaining lease term in years:		
Operating leases	5.67	6.67
Finance leases	2.83	3.83
Weighted-average discount rate:		
Operating leases	3.79%	3.79%
Finance leases	4.07%	4.06%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are as follows:

Years Ending September 30,	Operating	Finance
2025	\$ 40,660	\$ 13,198
2026	41,160	13,198
2027	41,160	11,615
2028	41,160	-
2029	41,160	-
Thereafter	27,440	-
Total lease payments	232,740	38,011
Less interest	(25,673)	(2,110)
Present value of lease liabilities	\$ 207,067	\$ 35,901

**Note 12 - Retirement Plans**Defined Benefit Plan

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Net plan assets increased during the year but are 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 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 fiscal years 2024 and 2023 were \$27.4 million and \$27.5 million, respectively. Aggregate contributions to be made in fiscal 2025 are expected to be \$26 million.

The Council's contributions to the Plan and corresponding pension expense for the years ended September 30, 2024 and 2023, were approximately \$312,000 and \$330,000, respectively. Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Council as a standalone operation.

403(b) Plan

The Council has a 403(b) retirement plan in which all employees are eligible to participate. Investments in the plan are participant directed. The Council makes contributions to the plan on behalf of employees after one year of service when an employee has at least 1,000 hours of service during that year. The Council's contribution to the plan is equal to 2% of an employee's salary. Additionally, the Council matches 50% of the employee's contributions up to 4% of salary. The Council's contributions to the plan during the years ended September 30, 2024 and 2023 were \$166,967 and \$130,384, respectively.

**Note 13 - Revenue from Contract with Customers**

The following table disaggregates the Council's revenue based on timing of satisfaction of performance obligations for the years ended September 30:

	2024	2023
Revenue recognized over time		
Program service fees, including camp fees	\$ 618,415	\$ 715,777
Miscellaneous	56,549	31,039
Total revenue recognized over time	<u>674,964</u>	<u>746,816</u>
Revenue recognized at a point in time		
Product program sales	18,350,256	16,602,357
Sale of Girl Scout merchandise	573,689	553,480
Total revenue recognized at a point in time	<u>18,923,945</u>	<u>17,155,837</u>
Total revenue from contracts with customers	<u>\$ 19,598,909</u>	<u>\$ 17,902,653</u>

Deferred income consists of contract liabilities for gift cards, advance program service fees and other deferred revenue. The beginning and ending balances for accounts receivable and deferred income were as follows for the years ended September 30:

	10/1/2022	9/30/2023	9/30/2024
Accounts receivable, net	\$ 83,107	\$ 88,212	\$ 63,443
Deferred income	439,618	72,077	112,242