



**GIRL SCOUTS OF NORTH EAST OHIO
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT

For the Year Ended September 30, 2025
(With Summarized Comparative Financial Information
for the Year Ended September 30, 2024)



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GIRL SCOUTS OF NORTH EAST OHIO
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of North East Ohio:

Opinion

We have audited the accompanying financial statements of Girl Scouts of North East Ohio (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 North East Ohio as of September 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Girl Scouts of North East Ohio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 North East Ohio'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 North East Ohio'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 North East Ohio'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.

Report on Summarized Comparative Information

We have previously audited Girl Scouts of North East Ohio's 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich CPA LLC

Richfield, Ohio
March 2, 2026

FINANCIAL STATEMENTS

GIRL SCOUTS OF NORTH EAST OHIO

STATEMENT OF FINANCIAL POSITION

September 30, 2025

(With Summarized Comparative Financial Information for the Year Ended September 30, 2024)

| | 2025 | 2024 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 721,917 | \$ 1,099,238 |
| Short-term investments | 3,533,420 | 3,813,413 |
| Accounts receivable, net of allowance for credit losses of \$38,000 at September 30, 2025 and 2024 | 9,041 | 8,227 |
| Grants receivable | 289,321 | 44,097 |
| Unconditional promises to give | 206,394 | 126,956 |
| Inventories | 309,611 | 241,870 |
| Prepaid expenses | 233,067 | 138,609 |
| | | |
| Total current assets | 5,302,771 | 5,472,410 |
| NONCURRENT ASSETS | | |
| Unconditional promises to give, net of current | 290,000 | - |
| Unconditional promises to give for long-lived assets | 933,079 | 1,938,583 |
| Operating lease right-of-use assets, net | 577,768 | 632,068 |
| Property, plant, and equipment, net | 29,419,738 | 26,611,385 |
| Investments | 8,425,912 | 9,745,442 |
| Beneficial interests in trusts | 1,149,663 | 1,064,233 |
| | | |
| Total noncurrent assets | 40,796,160 | 39,991,711 |
| | | |
| TOTAL ASSETS | \$ 46,098,931 | \$ 45,464,121 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current portion of long-term debt | \$ 120,785 | \$ 116,689 |
| Operating lease liabilities, current | 52,727 | 41,439 |
| Accounts payable, trade | 396,814 | 1,444,845 |
| Accrued payroll | 169,133 | 157,143 |
| Accrued expenses | 363,239 | 353,570 |
| Deferred revenue, deposits, and custodial accounts | 222,719 | 218,962 |
| | | |
| Total current liabilities | 1,325,417 | 2,332,648 |
| LONG-TERM LIABILITIES | | |
| Long-term debt, net of current portion | 2,276,777 | 2,396,890 |
| Operating lease liabilities, noncurrent | 565,829 | 615,432 |
| | | |
| Total long-term liabilities | 2,842,606 | 3,012,322 |
| | | |
| Total liabilities | 4,168,023 | 5,344,970 |
| | | |
| NET ASSETS | | |
| Without donor restrictions | 36,738,433 | 28,334,061 |
| With donor restrictions | 5,192,475 | 11,785,090 |
| | | |
| Total net assets | 41,930,908 | 40,119,151 |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | \$ 46,098,931 | \$ 45,464,121 |

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH EAST OHIO

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

(With Summarized Comparative Financial Information for the Year Ended September 30, 2024)

| | Without Donor Restrictions | With Donor Restrictions | 2025 Total | 2024 Total |
|---|---|------------------------------------|-----------------------|-----------------------|
| PUBLIC SUPPORT AND REVENUES | | | | |
| Public support | | | | |
| Contributions | \$ 626,435 | \$ 19,557 | \$ 645,992 | \$ 1,334,441 |
| Foundations, trusts, and other | 1,735,579 | 655,000 | 2,390,579 | 2,441,054 |
| United Way allocations | 21,285 | - | 21,285 | 43,726 |
| Sponsorships and special events, net | 86,956 | - | 86,956 | 84,727 |
| Total public support | 2,470,255 | 674,557 | 3,144,812 | 3,903,948 |
| Revenue | | | | |
| Product sales | 13,674,004 | - | 13,674,004 | 14,003,614 |
| Cost of product sales | (3,513,907) | - | (3,513,907) | (3,056,382) |
| Total product sales, net | 10,160,097 | - | 10,160,097 | 10,947,232 |
| Retail operations | 628,070 | - | 628,070 | 523,220 |
| Cost of retail sales | (253,805) | - | (253,805) | (259,037) |
| Total retail sales, net | 374,265 | - | 374,265 | 264,183 |
| Program and camp fees | 977,323 | - | 977,323 | 820,123 |
| Interest and dividends, net | 235,242 | 29,293 | 264,535 | 518,987 |
| Miscellaneous income | 234,868 | - | 234,868 | 91,454 |
| Total other revenue | 1,447,433 | 29,293 | 1,476,726 | 1,430,564 |
| Total revenues | 11,981,795 | 29,293 | 12,011,088 | 12,641,979 |
| Net assets released from restrictions | 7,558,976 | (7,558,976) | - | - |
| Total public support and revenues | 22,011,026 | (6,855,126) | 15,155,900 | 16,545,927 |
| EXPENSES | | | | |
| Program services | 11,526,794 | - | 11,526,794 | 11,215,056 |
| Supporting services | | | | |
| Management services | 2,064,116 | - | 2,064,116 | 2,182,199 |
| Fund development | 662,103 | - | 662,103 | 658,769 |
| Total expenses | 14,253,013 | - | 14,253,013 | 14,056,024 |
| Change in net assets from operations before gains and losses | 7,758,013 | (6,855,126) | 902,887 | 2,489,903 |
| Other gains and losses | | | | |
| Change in beneficial interest in trusts | - | 85,430 | 85,430 | 158,030 |
| Net gain on investments | 646,359 | 177,081 | 823,440 | 1,832,134 |
| CHANGE IN NET ASSETS | 8,404,372 | (6,592,615) | 1,811,757 | 4,480,067 |
| NET ASSETS, BEGINNING OF YEAR | 28,334,061 | 11,785,090 | 40,119,151 | 35,639,084 |
| NET ASSETS, END OF YEAR | \$ 36,738,433 | \$ 5,192,475 | \$ 41,930,908 | \$ 40,119,151 |

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH EAST OHIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2025

(With Summarized Comparative Financial Information for the Year Ended September 30, 2024)

| | Supporting Services | | | Total Supporting Services | Totals | |
|---|---------------------|------------------------|---------------------|---------------------------------|---------------|---------------|
| | Program Services | Management Services | Fund Development | | 2025 | 2024 |
| | | | | | | |
| PERSONNEL | | | | | | |
| Salaries and wages | \$ 3,134,359 | \$ 978,121 | \$ 332,396 | \$ 1,310,517 | \$ 4,444,876 | \$ 4,305,583 |
| Fringe benefits and taxes | 1,418,973 | 439,322 | 141,425 | 580,747 | 1,999,720 | 2,078,354 |
| Total personnel | 4,553,332 | 1,417,443 | 473,821 | 1,891,264 | 6,444,596 | 6,383,937 |
| SUPPORT FOR TROOPS AND MEMBERS | | | | | | |
| Troop and service unit support | 2,320,888 | - | - | - | 2,320,888 | 2,360,550 |
| Rewards for troops and members | 359,950 | - | - | - | 359,950 | 392,315 |
| Assistance and grants to members | 294,838 | - | - | - | 294,838 | 291,357 |
| Total support for troops and members | 2,975,676 | - | - | - | 2,975,676 | 3,044,222 |
| OTHER EXPENSES | | | | | | |
| Professional services and fees | 297,256 | 172,523 | 8,929 | 181,452 | 478,708 | 523,480 |
| Supplies, printing, and publications | 854,181 | 45,079 | 86,066 | 131,145 | 985,326 | 862,969 |
| Postage and shipping | 64,950 | 3,861 | 3,633 | 7,494 | 72,444 | 91,045 |
| Telecommunications | 283,287 | 2,753 | 1,769 | 4,522 | 287,809 | 300,153 |
| Occupancy - mainly utilities and repairs and maintenance | 812,990 | 61,253 | 18,434 | 79,687 | 892,677 | 754,570 |
| Equipment, rental, and repair | 150,460 | 11,994 | 2,439 | 14,433 | 164,893 | 239,678 |
| Meetings and travel | 253,034 | 72,919 | 27,026 | 99,945 | 352,979 | 256,219 |
| Interest | - | 92,597 | - | 92,597 | 92,597 | 95,081 |
| Insurance | 209,606 | 56,989 | 17,734 | 74,723 | 284,329 | 234,869 |
| Other | 155,770 | 82,207 | 6,360 | 88,567 | 244,337 | 358,418 |
| Total other expenses | 3,081,534 | 602,175 | 172,390 | 774,565 | 3,856,099 | 3,716,482 |
| Total expenses before depreciation | 10,610,542 | 2,019,618 | 646,211 | 2,665,829 | 13,276,371 | 13,144,641 |
| Depreciation | 916,252 | 44,498 | 15,892 | 60,390 | 976,642 | 911,383 |
| TOTAL EXPENSES | 11,526,794 | 2,064,116 | 662,103 | 2,726,219 | 14,253,013 | 14,056,024 |
| ADDITIONAL COSTS | | | | | | |
| Cost of product sales | 3,513,907 | - | - | - | 3,513,907 | 3,056,382 |
| Cost of retail sales | 253,805 | - | - | - | 253,805 | 259,037 |
| Cost of direct benefit to donors - food and beverage | - | - | 43,721 | 43,721 | 43,721 | 27,430 |
| TOTAL FUNCTIONAL EXPENSES | \$ 15,294,506 | \$ 2,064,116 | \$ 705,824 | \$ 2,769,940 | \$ 18,064,446 | \$ 17,398,873 |

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH EAST OHIO

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2025

(With Summarized Comparative Financial Information for the Year Ended September 30, 2024)

| | 2025 | 2024 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,811,757 | \$ 4,480,067 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | 976,642 | 911,383 |
| Net gain on investments | (823,440) | (1,832,134) |
| Change in beneficial interests in trusts | (85,430) | (158,030) |
| Noncash operating lease expense | 15,985 | 24,803 |
| Contributions restricted for investment in property, plant, and equipment | (1,367,601) | (2,617,510) |
| Change in operating assets and liabilities | | |
| Accounts receivable, grants receivable, and unconditional promises to give | (615,476) | 33,421 |
| Inventories | (67,741) | 18,839 |
| Prepaid expenses | (94,458) | 11,540 |
| Trade accounts payable, accrued expenses, and accrued payroll | 128,052 | 107,468 |
| Deferred revenue, deposits, and custodial accounts | 3,757 | 49,838 |
| | (117,953) | 1,029,685 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (7,720,675) | (9,772,908) |
| Proceeds from the sale of investments | 10,143,638 | 11,556,556 |
| Purchases of property, plant, and equipment | (4,939,419) | (5,305,441) |
| | (2,516,456) | (3,521,793) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds received for long lived assets | 2,373,105 | 2,369,289 |
| Payments on long-term debt | (116,017) | (102,850) |
| | 2,257,088 | 2,266,439 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (377,321) | (225,669) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,099,238 | 1,324,907 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 721,917 | \$ 1,099,238 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | \$ 92,954 | \$ 95,081 |
| Noncash activity | | |
| Capital expenditures included in accounts payable | \$ - | \$ 1,154,424 |
| Additions of operating right-of-use assets and lease liabilities for new leases | \$ - | \$ 650,518 |

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH EAST OHIO

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2025
(With Prior Year Summarized Comparative Information)

1. NATURE OF ACTIVITIES

The Girl Scouts of North East Ohio (the Organization) is an Ohio nonprofit corporation that has been issued a charter by the Girl Scouts of the U.S.A. granting it the right to develop, manage, and maintain the Girl Scout movement in a jurisdiction established by the National Board of Directors of the Girl Scouts of the U.S.A. that includes the Trumbull, Mahoning, Ashtabula, Columbiana, Stark, Tuscarawas, Carroll, Lorain, Erie, Sandusky, Seneca, Huron, Cuyahoga, Geauga, Lake, Summit, Portage, Medina, and Wayne counties in the State of Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization presents information regarding its financial position and activities according to two classes of net assets.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include general net assets of the Organization and are not subject to donor-imposed restrictions. Net assets without donor restrictions of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the statement of activities. All salaries and most other costs are charged directly to the appropriate program or supporting service. However, occupancy, insurance, depreciation and telecommunication costs have been allocated to the appropriate programs and supporting services using the full-time equivalent method of allocation.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments without donor restrictions with original maturities of three months or less to be cash equivalents, excluding those held in brokerage accounts.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days of the invoice date and are stated at the amount billed to the customer. Accounts receivable are reduced by an allowance that reflects management's best estimate of the amounts that will not be collected, through a charge to expense and a credit to a valuation allowance account. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The balance of allowance for credit losses was \$38,000 at September 30, 2025 and 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable include funds due from various funding sources. These amounts are stated at the amount management expects to collect from balances outstanding at year end. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews grants receivable to determine the need for an allowance for uncollectible accounts. At September 30, 2025 and 2024, management estimated that no such allowance was necessary.

Unconditional Promises to Give

Unconditional promises to give, including unconditional promises to give for long-lived assets that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using risk-adjusted interest rates applicable to the years in which the promises are received to discount amounts, and net of allowance for uncollectible contributions. Management has concluded that an allowance for uncollectible contributions was not necessary at September 30, 2025 and 2024.

Support and Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Conditional grants and contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without donor restrictions. There were no conditional grants or contributions received but not yet recognized at September 30, 2025. As of September 30, 2024, the Organization had \$850,000 of conditional contributions that had not been recorded as contributions are conditioned upon the incurrence of allowable qualifying expenses, which were not yet incurred.

Unconditional promises to give due in the next fiscal year are recorded at net realizable value. Unconditional promises to give due in beyond one year are recorded at the present value of the net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts.

The Organization recognizes revenue from exchange transactions with customers that are bound by contracts or similar arrangements using a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statement of activities for the years ending September 30, 2025 and 2024:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

Product Sale Program

The Girl Scout Cookie Program helps the next generation of entrepreneurs get an important taste of what it takes to be successful: teamwork, planning, and a positive outlook. Because proceeds from the Cookie Program stay local, they also help create positive change in the community by powering life-changing experiences for Girl Scouts all year long. Troops sell cookies both in person and through the Digital Cookie platform. Cookie sales start in the winter of each year. The price for the cookies is established by Girl Scouts of the USA, and each item is individually priced, so no allocation of the transaction price is required. Cookies sold through the Digital Cookie platform require payment at the time of order placement while cookies sold in person require payment at the time the cookies are delivered. With cookie sales, the performance obligation is delivery of the product, which is fulfilled by the Troop at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Organization presents separately in its statement of activities gross revenues from product sales, cost of goods sold, and commissions (retained by or paid to the unit).

Troops also sell fall products both in person and through the digital platform. Fall product sales start in the fall of each year. The price for the products are established by Girl Scouts of the USA, and each item is individually priced, so no allocation of the transaction price is required. Products sold through the digital platform require payment at the time of order placement while products sold in person require payment at the time the products are delivered. The performance obligation is delivery of the product, which is fulfilled by the Troop at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Organization presents separately in its statement of activities gross revenues from product sales, cost of goods sold, and commissions (retained by or paid to the unit).

Retail Operations

The Organization operates retail shops at various locations, which sell scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Organization based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of September 30, 2025 and 2024.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

Program and Camp Fees

The Organization conducts program-related experiences where the performance obligation is delivery of the program. Fees for camps and activities are set by the Organization. Fees for camps and activities include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. The Organization recognizes revenue over time as the performance obligation is met using the input methods based on passage of time. Fees are collected in advance of delivery of the camp or activity and are initially recognized as liabilities (deferred revenue) and are only recognized in the statement of activities after delivery of the program has occurred.

Disaggregation of revenue for the year ended September 30 is as follows:

| | <u>2025</u> | <u>2024</u> |
|-----------------------|----------------------|----------------------|
| Point in time | | |
| Product sales | \$ 13,674,004 | \$ 14,003,614 |
| Retail operations | 628,070 | 523,220 |
| | <u>\$ 14,302,074</u> | <u>\$ 14,526,834</u> |
| TOTAL POINT IN TIME | | |
| Over time | | |
| Program and camp fees | \$ 977,323 | \$ 820,123 |
| | <u>\$ 977,323</u> | <u>\$ 820,123</u> |
| TOTAL OVER TIME | | |

Various economic factors affect the recognition of revenue and cash flows. These economic factors consist of loss of basic utilities at camp sites, decrease in membership and prompt payment on receivables owed to the Organization.

Contract Assets and Liabilities

Timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue (contract liabilities) on the statement of financial position. The Organization records these liabilities when it receives payment either prior to the delivery of services or prior to the completion of the earnings process. Monies received for the benefit of others are also recorded as deferred revenue on the statement of financial position (custodial accounts).

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

Contract Assets and Liabilities (Continued)

Contract assets, deferred revenue, deposits, and custodial accounts consist of the following at September 30:

| | <u>2025</u> | | <u>2024</u> | | <u>2023</u> |
|---|------------------|-----------|----------------|-----------|---------------|
| ACCOUNTS RECEIVABLE | \$ 9,041 | \$ | 8,227 | \$ | 50,012 |
| Program fees for programs not yet held | \$ 85,716 | \$ | 102,061 | \$ | 74,663 |
| Other contract liabilities | 90 | | 604 | | 705 |
| TOTAL CONTRACT LIABILITIES | \$ 85,806 | \$ | 102,665 | \$ | 75,368 |

Investments

Investments are stated at fair value in the statement of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned. Investment income and gains and losses restricted by a donor are reported as net increases or decreases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains or losses are recognized. Investment return is reported net of external and direct internal investment expenses.

Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, unless donated. Major additions and betterments are capitalized while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. The Organization capitalizes purchases or donations of property, plant, and equipment that exceed \$10,000 for the year ended September 30, 2025 and 2024, and \$5,000 in years beginning October 1, 2022 and prior. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|----------------------------|------------|
| Land improvements | 5-50 years |
| Buildings and improvements | 5-50 years |
| Pool and pool improvements | 5-40 years |
| Camp and office equipment | 3-20 years |
| Automobiles and trucks | 5-15 years |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment (Continued)

Donations of property, plant, and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property, plant, and equipment are reported as support with donor restrictions. Absent donor restrictions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies assets restricted for time or purpose to net assets without donor restrictions at that time.

National Membership Dues

The Organization collects monies from members to be remitted to the national organization, Girl Scouts of the USA. As the Organization is acting as a pass-through entity, no revenue is recorded in the statement of activities related to the national membership dues. These amounts are included in accrued expenses on the statement of financial position.

Leases

The Organization leases office space and equipment. The Organization determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions of the contract. A contract contains a lease if there is an identified asset, and the Organization has the right to control the asset. Operating leases are included in the "Operating lease right-of-use assets" and "Operating lease liabilities, current" and "Operating lease liabilities, noncurrent" on the statement of financial position.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments for the lease term. The operating lease ROU assets also include any lease payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the ROU asset and lease liability, the Organization uses the rate implicit in the lease, or if not readily available, the risk-free rate. The risk-free rate is based on the constant maturity rate that is published by the U.S. Department of the Treasury.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is revised from one period to the next. These variable lease payments, which primarily comprise of common areas maintenance, insurance and real estate taxes that are passed from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Income Taxes

The Girl Scouts of North East Ohio is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization has not recorded provisions for federal and state income taxes. The Organization is not classified as a private foundation. The Organization's return for tax years 2021 and later remain subject to examination by taxing authorities.

Advertising Fees

Advertising costs are expensed when incurred and are included in supplies, printing, and publications expense on the accompanying statement of functional expenses. Total advertising expense was \$110,831 in 2025 and \$102,111 in 2024.

Contributed Services

A portion of the Organization's functions are conducted by unpaid officers, board members, and volunteers. Contributed services are recognized as revenues at their estimated fair value only when they create or enhance non-financial assets or they require specialized skills and are performed by individuals possessing such skills which would need to be purchased if they were not donated. No amounts have been recognized in the statement of activities for contributed services because the criteria for recognition have not been satisfied.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events are events or transactions that occur after year end but before the financial statements are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, nonrecognized subsequent events).

Management has evaluated subsequent events and transactions for potential recognition or disclosure through March 2, 2026, the date the financial statements were available to be issued and determined that there were no significant nonrecognized subsequent events through that date other than that which is described in Note 12.

3. LIQUIDITY

The following represents the Organization's financial assets available for operating expenses and capital expenditures on fixed assets within one year of the statement of financial position date at September 30:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 721,917 | \$ 1,099,238 |
| Accounts receivable, net | 9,041 | 8,227 |
| Grants receivable | 289,321 | 44,097 |
| Investments | 11,959,332 | 13,558,855 |
| Beneficial interests in trusts | 1,149,663 | 1,064,233 |
| Unconditional promises to give | 1,429,473 | 2,065,539 |
| | <hr/> | <hr/> |
| Total liquid financial assets | 15,558,747 | 17,840,189 |
| Less donor restricted net assets (excluding donor restricted construction in progress) | (4,788,453) | (6,897,532) |
| Less board-designated endowment fund | (6,290,033) | (5,949,273) |
| | <hr/> | <hr/> |
| TOTAL FINANCIAL ASSETS LIQUID WITHIN ONE YEAR | \$ 4,480,261 | \$ 4,993,384 |

The above reflects board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization as detailed in Note 10. However, in the case of need the Board of Directors could appropriate resources for another purpose. Note 11 provides further information on the spending policy surrounding the Organization's endowment.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY (Continued)

The Organization’s goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$2.5 million), not including variable costs of the product sales program. As part of its liquidity plan, excess cash is invested in short-term investments. The Organization maintained a \$3 million line of credit during the fiscal years ended September 30, 2025 and 2024.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give represent promises to pay recorded at their present value of estimated future cash flows using a risk-adjusted interest rate. The Organization did not record a present value discount at September 30, 2025 or September 30, 2024 as it was determined to be immaterial. A portion of unconditional promises to give are restricted to long lived assets and therefore presented as noncurrent assets on the statement of financial position.

Unconditional promises to give, including promises to give, restricted for long-lived assets, consist of the following at September 30:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Unconditional promises to give | \$ 496,394 | \$ 126,956 |
| Unconditional promises to give, restricted for long lived assets | 933,079 | 1,938,583 |
| UNCONDITIONAL PROMISES TO GIVE, NET | <u>\$ 1,429,473</u> | <u>\$ 2,065,539</u> |
| | <u>2025</u> | <u>2024</u> |
| Less than one year | \$ 907,312 | \$ 1,320,729 |
| One to five years | 522,161 | 734,810 |
| Thereafter | - | 10,000 |
| | <u>\$ 1,429,473</u> | <u>2,065,539</u> |

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

5. GIRL SCOUTS OF THE USA OPERATING RESERVE

The Organization also maintains operating reserves in accordance with its Operating Reserve Policy as required by the Girl Scouts of the USA. The goal of this policy is to provide 6 months of operating reserves at each year end. Operating reserves at year-end total 10.2 months for 2025 and 10.4 months for 2024.

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Total net assets without donor restrictions | \$ 36,738,433 | \$ 28,334,061 |
| Less equity in net fixed assets | <u>(26,715,375)</u> | <u>(18,168,809)</u> |
| Available net assets without donor restrictions | 10,023,058 | 10,165,252 |
| Less board-designated funds for specific purposes (excluding operating reserves) | <u>(302,189)</u> | <u>(271,655)</u> |
| UNDESIGNATED NET ASSETS | <u>\$ 9,720,869</u> | <u>\$ 9,893,597</u> |
| | <u>2025</u> | <u>2024</u> |
| Operating expenses (excluding variable costs of product sale program - troops and service unit support) | \$ 11,932,125 | \$ 11,695,474 |
| Less revenues released from restrictions (non-capital) | <u>(480,673)</u> | <u>(302,348)</u> |
| TOTAL UNRESTRICTED ACTUAL EXPENSES | <u>\$ 11,451,452</u> | <u>\$ 11,393,126</u> |

Fixed assets included in net assets with donor restrictions were \$404,022 at September 30, 2025 and \$6,042,082 at September 30, 2024.

6. INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS

The Organization has a one-seventh beneficial interest in a trust for which a financial institution is the trustee. As the Organization has an irrevocable interest in this trust, it has recorded its share of the trust as an asset in the statement of financial position. Income received from the trust is restricted for the maintenance and development of camp properties. The trust's fair value was \$4,621,337 and \$4,220,486 (the Organization's share of this trust is \$660,191 and \$602,927) at September 30, 2025 and 2024, respectively.

The Organization also has a 5% interest in a trust for which a financial institution is the trustee. As the Organization has an irrevocable interest in this trust, it has recorded its share of the trust as an asset in the statement of financial position. Income received from the trust is restricted first for use for financial assistance in Elyria, then programming. The trust's fair value was \$3,392,270 and \$3,190,021 (the Organization's share of this trust is \$169,614 and \$159,501) at September 30, 2025 and 2024, respectively.

The Organization also has an interest in a trust for which a financial institution is the trustee. As the Organization has an irrevocable interest in this trust, it has recorded its share of the trust as an asset in the statement of financial position. Income received from the trust is restricted first for use of operations at Camp Timberline and council operations. The trust's fair value was \$1,028,812 and \$970,364 (the Organization's share of this trust is \$319,858 and \$301,805) at September 30, 2025 and 2024, respectively.

In addition to those trusts listed above, the Organization is the income beneficiary of various funds held at community foundations. The Organization does not control these assets and the community foundations are given variance powers in the gift instruments; as such, these investments totaling approximately \$1,940,000 and \$1,900,000 at September 30, 2025 and 2024, respectively, are not recorded on the Organization's statement of financial position.

The Organization transferred funds to Cleveland and Stark Community Foundations (the Community Foundations) to establish trusts with the Organization named as the beneficiary. The Organization reports the fair value of the assets held by Community Foundations as investments in the statement of financial position and reports distributions received as investment income.

7. FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in active markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2, or 3, but are separately reported.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended September 30, 2025 and 2024.

Corporate Stocks and ETF Equity

Valued at the closing quoted price in an active market on the measurement date.

Money Market and Mutual Funds

Valued at the NAV of shares on the last trading day of the fiscal year.

7. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques (Continued)

U.S. Treasury Notes

U.S. Treasury notes in which the Organization invests are usually “off the run” on the measurement date. Thus, they are valued by a pricing service using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. U.S. Treasury bonds and notes that are “on the run” are measured at quoted prices in active markets for the same security.

Corporate Bonds

Corporate bonds consist of bonds that are valued based on yields currently available on comparable securities of issuers with similar credit ratings

Common Collective Funds

Investments are valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is classified within Level 2 of the valuation hierarchy, because the NAV’s unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

Beneficial Interest in Trusts

Valued using the fair value of the assets held in the trust reported by the trustee as of September 30, 2025 and 2024. The Organization considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Investments Held by Community Foundations

Valued at NAV per unit as reported by the Community Foundation.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

7. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

Assets measured at fair value on a recurring basis as of September 30 are as follows:

| | 2025 | | | Total |
|--|------------------|------------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| Corporate stocks | \$ 1,471,171 | \$ - | \$ - | \$ 1,471,171 |
| U.S. Treasury notes | - | 945,645 | - | 945,645 |
| Money market funds | 202,974 | - | - | 202,974 |
| Mutual funds - fixed income | 1,649,640 | - | - | 1,649,640 |
| Mutual funds - equities | 4,077,387 | - | - | 4,077,387 |
| Mutual funds - other | 770,834 | - | - | 770,834 |
| Corporate bonds | - | 51,242 | - | 51,242 |
| ETF Equity | 1,808,857 | - | - | 1,808,857 |
| Common collective funds | - | 578,838 | - | 578,838 |
| Investments held by community foundations | - | - | 402,744 | 402,744 |
| Total investments at fair value | 9,980,863 | 1,575,725 | 402,744 | 11,959,332 |
| Beneficial interest in trusts | - | - | 1,149,663 | 1,149,663 |
| TOTAL ASSETS AT FAIR VALUE | \$ 9,980,863 | \$ 1,575,725 | \$ 1,552,407 | \$ 13,108,995 |

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

7. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements (Continued)

| | 2024 | | | |
|---|------------------|------------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Corporate stocks | \$ 1,207,736 | \$ - | \$ - | \$ 1,207,736 |
| U.S. Treasury notes | - | 3,159,071 | - | 3,159,071 |
| Money market funds | 320,355 | - | - | 320,355 |
| Mutual funds - fixed income | 1,424,269 | - | - | 1,424,269 |
| Mutual funds - equities | 4,650,971 | - | - | 4,650,971 |
| Mutual funds - other | 667,988 | - | - | 667,988 |
| ETF Equity | 1,183,928 | - | - | 1,183,928 |
| Common collective funds | - | 574,105 | - | 574,105 |
| Investments held by community foundations | - | - | 370,432 | 370,432 |
| Total investments at fair value | 9,455,247 | 3,733,176 | 370,432 | 13,558,855 |
| Beneficial interest in trusts | - | - | 1,064,233 | 1,064,233 |
| TOTAL ASSETS AT FAIR VALUE | \$ 9,455,247 | \$ 3,733,176 | \$ 1,434,665 | \$ 14,623,088 |

Unobservable (Level 3) Inputs

The activity for the beneficial interest in trusts and investments held by community foundations, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), are as follows:

Beneficial Interest in Trusts

| | 2025 | 2024 |
|---|------------------|------------------|
| Balance, beginning of year | \$ 1,064,233 | \$ 906,203 |
| Change in beneficial interest in trusts | 85,430 | 158,030 |
| BALANCE, END OF YEAR | \$ 1,149,663 | \$ 1,064,233 |

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

7. FAIR VALUE MEASUREMENTS (Continued)

Unobservable (Level 3) Inputs (Continued)

Investments Held by Community Foundations

| | <u>2025</u> | <u>2024</u> |
|----------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$ 370,432 | \$ 312,225 |
| Contributions | - | 21 |
| Expenditures | (11,860) | (6,571) |
| Gain on investments | 44,172 | 64,757 |
| | <u>44,172</u> | <u>64,757</u> |
| BALANCE, END OF YEAR | <u>\$ 402,744</u> | <u>\$ 370,432</u> |

The change in value of the beneficial interest in the trust is reported in that line of the statement of activities and the change in the value of investments held by community foundations are included in net gain on investments in the statement of activities.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at September 30:

| | <u>2025</u> | <u>2024</u> |
|---|--------------------------|--------------------------|
| Land | \$ 767,573 | \$ 767,573 |
| Land improvements | 3,204,481 | 3,139,546 |
| Building and improvements | 34,158,762 | 24,787,866 |
| Pool and improvements | 1,825,899 | 1,763,480 |
| Camp and office equipment | 3,118,105 | 2,995,392 |
| Automobiles and trucks | 547,076 | 548,391 |
| Construction in progress | 541,481 | 6,376,134 |
| | <u>44,163,377</u> | <u>40,378,382</u> |
| Less accumulated depreciation | (14,743,639) | (13,766,997) |
| | <u>(14,743,639)</u> | <u>(13,766,997)</u> |
| PROPERTY, PLANT, AND EQUIPMENT, NET | <u>\$ 29,419,738</u> | <u>\$ 26,611,385</u> |

Estimated costs to complete open projects are \$611,300 at September 30, 2025.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM DEBT

Long-term debt consists of the following at September 30:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Note payable due to a bank, secured by certain real estate, payable in 119 monthly installments of \$16,606 through May 2030. The interest rate is fixed at 3.70% | \$ 2,263,624 | \$ 2,375,691 |
| Note payable due to a bank, payable in monthly installments of \$641 through May 2050. The interest rate is fixed at 2.75% | <u>133,938</u> | <u>137,888</u> |
| Total long-term debt | 2,397,562 | 2,513,579 |
| Less current portion | <u>120,785</u> | <u>116,689</u> |
| LONG-TERM DEBT, NET OF CURRENT PORTION | <u><u>\$ 2,276,777</u></u> | <u><u>\$ 2,396,890</u></u> |

Aggregate maturities on long-term debt are as follows:

| | |
|-----------------------|----------------------------|
| 2026 | \$ 120,785 |
| 2027 | 125,343 |
| 2028 | 129,876 |
| 2029 | 134,995 |
| 2030 | 1,769,497 |
| Thereafter | <u>117,066</u> |
| TOTAL PAYMENTS | <u><u>\$ 2,397,562</u></u> |

The above-referenced note agreements are subject to certain financial covenants. At September 30, 2025, management believes the Organization was in compliance with all covenants.

The Organization has a line of credit with maximum borrowing limit of \$3,000,000 collateralized by certain investments. The line of credit bears interest at the prime rate (prime as September 30, 2025 is 7.25%) and expires on June 15, 2026. There are no outstanding borrowings at September 30, 2025 or 2024.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

10. NET ASSETS

Board-designated net assets consist of the following as of September 30:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Fund V - operating reserves | \$ 1,328,992 | \$ 1,253,056 |
| Great Trails service area | 265,090 | 237,822 |
| Adult training | 5,420 | 5,101 |
| Fund XII - operating reserves | 31,568 | 29,876 |
| Scholarship XI | 31,680 | 28,732 |
| Fund for Girls - operating reserves | 4,627,283 | 4,394,686 |
| | <hr/> | <hr/> |
| TOTAL BOARD - DESIGNATED QUASI-ENDOWMENT FUNDS | \$ 6,290,033 | \$ 5,949,273 |

Net assets with donor restrictions are restricted for time and/or purpose:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Time restricted within endowment funds | \$ 1,448,775 | \$ 1,314,438 |
| STEM Center | - | 7,208,302 |
| STEM Programming | 300,000 | - |
| Trailblazers in training | 210,000 | - |
| Capital and infrastructure improvements - Camp Timberlane and Sugarbush | 776,445 | 900,000 |
| Grant - funded projects in progress | 80,968 | 71,493 |
| | <hr/> | <hr/> |
| | \$ 2,816,188 | \$ 9,494,233 |

Net assets with donor restrictions in perpetuity, the income from which is restricted for the following purposes as of September 30:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Endowment funds restricted in perpetuity | | |
| Operations and camperships | \$ 77,545 | \$ 77,545 |
| Fund I - general operations | 25,000 | 25,000 |
| Fund II - general operations | 80,000 | 80,000 |
| Fund III - general operations | 60,000 | 60,000 |
| Fund IV - general operations | 12,956 | 12,956 |
| Fund for the Future - operations | 75,815 | 75,815 |
| Youth enrichment fund - new projects | 500,000 | 500,000 |
| College scholarship fund | 164,000 | 164,000 |
| Campership | 9,464 | 9,464 |
| Wider opportunity fund - travel | 18,800 | 18,800 |

GIRL SCOUTS OF NORTH EAST OHIO
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. NET ASSETS (Continued)

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Endowment funds restricted in perpetuity (Continued) | | |
| Western Reserve PE Trust - operations | \$ 203,044 | \$ 203,044 |
| Total endowment funds restricted in perpetuity | 1,226,624 | 1,226,624 |
| Beneficial interest in trusts | <u>1,149,663</u> | <u>1,064,233</u> |
| TOTAL ENDOWMENT FUNDS RESTRICTED IN PERPETUITY | <u>\$ 2,376,287</u> | <u>\$ 2,290,857</u> |

11. NET ASSET CLASSIFICATION OF ENDOWMENT FUNDS

The Organization's endowment funds consist of collectively invested funds established to fund a variety of programs. The fund contains both donor-restricted and board-designated funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Fund Act (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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The investment policies of the Organization.

Endowment Net Asset Composition by Type of Fund

| | <u>2025</u> | | | |
|------------------------|-----------------------------|-----------------------------------|-------------------------------------|----------------------------|
| | <u>Board Designated</u> | <u>Restricted for Purpose</u> | <u>Restricted in Perpetuity</u> | <u>Total</u> |
| Donor-restricted funds | \$ - | \$ 1,448,775 | \$ 1,226,624 | \$ 2,675,399 |
| Board-designated funds | <u>6,290,033</u> | <u>-</u> | <u>-</u> | <u>6,290,033</u> |
| TOTAL FUNDS | <u>\$ 6,290,033</u> | <u>\$ 1,448,775</u> | <u>\$ 1,226,624</u> | <u>\$ 8,965,432</u> |

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

11. NET ASSET CLASSIFICATION OF ENDOWMENT FUNDS (Continued)

Endowment Net Asset Composition by Type of Fund (Continued)

| | 2024 | | | Total |
|------------------------|-------------------------|-------------------------------|---------------------------------|---------------------|
| | Board Designated | Restricted for Purpose | Restricted in Perpetuity | |
| Donor-restricted funds | \$ - | \$ 1,314,438 | \$ 1,226,624 | \$ 2,541,062 |
| Board-designated funds | 5,949,273 | - | - | 5,949,273 |
| TOTAL FUNDS | \$ 5,949,273 | \$ 1,314,438 | \$ 1,226,624 | \$ 8,490,335 |

Changes in Endowment Net Assets

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|---|-----------------------------------|--------------------------------|---------------------------------|---------------------|
| | | Restricted for Purpose | Restricted in Perpetuity | |
| Endowment net assets, September 30, 2023 | \$ 4,972,242 | \$ 949,347 | \$ 1,226,624 | \$ 7,148,213 |
| Investment return | | | | |
| Interest and dividends | 122,599 | 27,503 | - | 150,102 |
| Net gain on investments | 1,047,739 | 406,160 | - | 1,453,899 |
| Total investment return | 1,170,338 | 433,663 | - | 1,604,001 |
| Contributions | 1,000 | - | - | 1,000 |
| Appropriation of endowment assets for expenditure | (194,307) | (68,572) | - | (262,879) |
| Endowment net assets, September 30, 2024 | 5,949,273 | 1,314,438 | 1,226,624 | 8,490,335 |
| Investment return | | | | |
| Interest and dividends | 123,679 | 29,293 | - | 152,972 |
| Net gain on investments | 416,163 | 177,081 | - | 593,244 |
| Total investment return | 539,842 | 206,374 | - | 746,216 |
| Contributions | 1,200 | - | - | 1,200 |
| Appropriation of endowment assets for expenditure | (200,282) | (72,037) | - | (272,319) |
| ENDOWMENT NET ASSETS, SEPTEMBER 30, 2025 | \$ 6,290,033 | \$ 1,448,775 | \$ 1,226,624 | \$ 8,965,432 |

11. NET ASSET CLASSIFICATION OF ENDOWMENT FUNDS (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the endowment fund with the understanding that those assets will be prudently invested to maximize the long-term total return of financial assets consistent with the current and future funding needs of the Organization. Assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, investments of all endowment assets are directed by the Investment Committee of the Organization who is permitted to utilize investment managers to optimize the return on the assets within the established guidelines. The standard for the Investment Committee with regard to the endowment fund assets is achieving financial returns which preserve the real asset value and are competitive relative to those offered by the financial markets. Investment performance will be measured against comparative market indices including the MSCI All Country World Index and the Barclays Aggregate Bond Index. The performance of the overall portfolio will be monitored quarterly and compared against appropriate benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization 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.

Spending Policy

The amount available for spending by the Organization from endowment assets will be based on a percentage of the fund's assets on a multi-year moving average basis, unless otherwise specified by the donor at the time the gift was made. The Board of Directors will oversee the annual spending rate and adjust it as deemed appropriate.

Endowment Fund Deficiency

From time-to-time, the fair value of assets associated with donor restricted endowment funds may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. There were no deficiencies of this type as of September 30, 2025 and 2024. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

12. RETIREMENT PLANS

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, 2025. 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 2025 were \$27.4 million and \$29.7 million, respectively. Aggregate contributions to be made in fiscal 2026 are expected to be \$24 million, a decrease from \$26 million given to the annuity purchases that occurred in 2024 and 2025 for a select group of councils. Contributions made by the Girl Scouts of North East Ohio in fiscal year 2025 are \$524,772 and \$524,772 in fiscal year 2024.

On October 23, 2025, the National Board of Directors of the Girl Scouts of the USA approved the termination of the NGSCR. The termination process is expected to be completed in 2027 when all liabilities under the NGSCR will be settled through payment of lump sums or the purchase of annuity contracts. Contributions to the NGSCR by Girl Scouts of North East Ohio are expected to continue until the plan achieves/maintains a fully funded status to cover these payments to effectuate the plan termination.

The Organization also maintains a 401(k) defined contribution plan. Employees can elect to make salary reduction contributions, subject to federal limitations. The plan was converted into a Safe Harbor plan on January 1, 2016. Upon employment, employee deferrals are matched 100% by the Organization up to the first 3% of the employee's compensation and matched 50% on the next 3%. An additional discretionary contribution from the Organization may be made. Total matching contributions to the plan by the Organization were \$156,762 in 2025 and \$152,246 in 2024.

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

13. LEASES

On May 29, 2024, the Organization signed a 10.5-year operating lease for a 4,000 square foot space in a strip mall to operate a service center for girl activities, a retail outlet, and office space for employees. There is no provision to extend the lease and no residual value.

The components of lease expense were as follows for the years ended September 30:

| | <u>2025</u> | <u>2024</u> |
|------------------------|-------------------|------------------|
| Operating lease costs | \$ 72,651 | \$ 24,803 |
| Short-term lease costs | 58,040 | 61,029 |
| TOTAL | <u>\$ 130,691</u> | <u>\$ 85,832</u> |

Supplemental cash flows information:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 56,667 | \$ - |

Other information related to operating leases was as follows:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Weighted-average remaining lease term (years) | 9.2 | 10.2 |
| Weighted-average discount rate | 2.85% | 2.85% |

Future minimum lease payments under non-cancellable lease as of September 30, 2025 were as follows:

| | |
|---|--------------------------|
| 2026 | \$ 69,667 |
| 2027 | 71,667 |
| 2028 | 73,667 |
| 2029 | 75,667 |
| 2030 | 77,667 |
| Thereafter | <u>337,835</u> |
| Total future undiscounted lease payments | 706,170 |
| Less interest | <u>87,614</u> |
| PRESENT VALUE OF LEASE LIABILITIES | <u><u>\$ 618,556</u></u> |

GIRL SCOUTS OF NORTH EAST OHIO
NOTES TO FINANCIAL STATEMENTS (Continued)

14. CONTINGENCIES

In the normal course of its operation, the Organization is subjected to claims and legal actions. In the opinion of management, based upon information presently available, there exist no outstanding claims that are material to these financial statements.

15. RELATED PARTY TRANSACTIONS

The Organization is a charter organization of Girl Scouts USA (GSUSA) and has all rights and privileges granted by GSUSA.

The Organization incurred the following expenses during the years ended September 30 with related parties:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|-------------------|-------------------|
| Purchases of product inventory | \$ 281,059 | \$ 266,574 |
| Purchases of software | 58,962 | 61,264 |
| TOTAL PURCHASES | <u>\$ 340,021</u> | <u>\$ 327,828</u> |

The Organization incurred transactions with various board members either directly or indirectly. Total contributions received for the year ended September 30, 2025 and 2024 were \$162,982 and \$81,012, respectively. As of September 30, 2025 and 2024, outstanding pledges receivable with board members was \$25,827 and \$65,413, respectively, and are recorded within the pledges receivable restricted for long-lived assets on the statement of financial position.

16. CONCENTRATIONS AND CREDIT RISK

The Organization's revenues are concentrated in the area of product sales and include the annual cookie and nut sales. These sales (net of costs of sales) represent 67% in 2025 and 66% in 2024 of the Organization's total public support and revenues as shown in the accompanying statement of activities.

The Organization maintains its cash and cash equivalents in accounts which, at times, may exceed federally insured limits. At September 30, 2025 and 2024, the Organization's cash accounts exceeded federally insured limits by \$157,579 and \$588,633, respectively. The Organization has not experienced any losses in such accounts and management of the Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

16. CONCENTRATIONS AND CREDIT RISK (Continued)

The Organization holds investment securities which are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment account balances and the amounts reported in the statement of financial position.

Investments are managed by investment advisors in accordance with the investment policy established by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board believes that the investment policy is prudent for the long-term welfare of the Organization.