

**GIRL SCOUTS OF NORTH-CENTRAL
ALABAMA, INC.**

Financial Statements

**For the Year Ended
September 30, 2025
Including Summarized Information for
September 30, 2024**

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

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GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations For the Year Ended September 30, 2025

Girl Scouts is the pre-eminent leadership and life skills development organization for girls. Girl Scouts began 112 years ago with one woman, Juliette Gordon "Daisy" Low, who believed in the power of every girl and in providing them with skills to become leaders in their communities. She organized the first Girl Scout troop on March 12, 1912, in Savannah, Georgia. Every year since, Girl Scouts all over the United States and in Alabama have made her vision a reality by helping girls discover their strengths, passions, and talents.

In 1917, the first Girl Scout troop was established in Alabama. Today, Girl Scouts of North-Central Alabama serves over 11,000 girls and adults in 36 counties in North and Central Alabama. The mission of Girl Scouts is to build girls of courage, confidence, and character, who make the world a better place.

In January 2024, the Board of Directors adopted a vision statement for the council that would serve as the focal point for the development of the Organization's long-term, short-term, and mid-range strategic plans. The vision statement reads as follows: Girl Scouts of North-Central Alabama (GSNCA) will be the best leadership, character development, and service program for all girls. GSNCA will be the organization of choice for volunteers who will empower and inspire girls to lead and explore their passions to make a lasting impact on their community.

The council's strategic objectives are as follows: to reach and serve more girls; to deliver consistent outcome-driven program activities; and to increase the community's awareness and investment in Girl Scouts. The traditional Girl Scout program is delivered in troops led by trained adult leadership with the support of the council staff. Our community outreach programs are staff-led experiences that bring the Girl Scout program to targeted low-income, at-risk, and underserved girls in our 36-county area. GSNCA can deliver our mission and vision with the support of the community, volunteers, staff, and donors. Together, we are building self-confidence and leadership skills in all girls— regardless of their socioeconomic status, race, or religious beliefs.

Program Services

Volunteer Support Services - The majority of the Girl Scout Leadership Experience is provided to girls through adult volunteer leadership. In Girl Scouts, girls are guided by trained, supportive adults to develop their leadership potential through age-appropriate, outcome-measured activities that enable them to **discover** their values and skills in the world that surrounds them; **connect** with other people locally and globally, to make a difference in the world; and **take action** to make the world a better place. To ensure that girls receive quality and consistent Girl Scouts experiences, GSNCA supports the training of its adult volunteers by providing adult learning opportunities and training sessions that are conducted across the council's 36 counties. Additionally, training is also conducted through online course instruction and informal education sessions. Our training addresses three primary areas: girl leadership; troop leadership and management; and community service leadership and management. The training offered to troop leaders and volunteers involved in Girl Scouting not only benefits Girl Scouts but also enhances the skills and knowledge of the volunteers as parents, mentors, and community leaders.

Community Outreach - Girl Scouts of North-Central Alabama provides many opportunities to underserved girls through outreach programs. Programs for girls through outreach are provided in safe and nurturing environments and are in locations accessible to girls who may not have transportation. Partnerships in the community are created to provide the girls served in our outreach programs the same Girl Scout program experience that girls have who are served in a traditional troop.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Nature of Operations (continued) For the Year Ended September 30, 2025

Girls served through community outreach participate in a series of four or six-week outcomes-based program activities focused on one of our four program pillars: Science, Technology, Engineering and Math; Financial Literacy; Healthy Living; and Leadership Development. Girl Scouts of North-Central Alabama adds a fifth-program pillar – Girl Scout traditions, so girls can learn how the past shapes the future. In addition to in-school community outreach programs, girls are also served in after-school programs. Goals for girls served through the council's outreach programs are developing leadership and confidence in girls who are not able to participate in Girl Scouts through traditional troops, and retaining them by recruiting adult leadership to continue offering the program. Underserved girls participating in outreach programs will develop values and healthy relationships (Healthy Living); gain practical life skills (Financial Literacy); and become resourceful problem solvers (STEM). Through these programs, girls develop leadership skills that help to break the negative cycles in which they find themselves. In addition to these short-term Girl Scout programs, girls are served in year-round programs in partnership with identified schools in after-school and club time.

The Girl Scout Leadership Experience (GSLE) — The framework for defining what girls do in Girl Scouting, how they do it, and who will benefit that was born out of years of research and development—engaging girls in three key activities: discovering who they are and what they value; connecting with others; and taking action to make the world a better place.

The Girl Scout Leadership Experience is designed to be girl-led, cooperative, and hands-on to create high-quality experiences conducive to learning. When girls participate in Girl Scouts, they benefit in five important ways:

- They develop a strong sense of self. Girls have confidence in themselves and their abilities and form positive identities.
- Girls have positive values. They act ethically and honestly, and show concern for others.
- Girls are challenge-seeking. They take appropriate risks, try things, and learn from their mistakes.
- Girls develop and maintain healthy relationships by communicating their feelings and resolving conflicts constructively.
- Girls desire to contribute to the world in purposeful and meaningful ways.

When girls exhibit these attitudes and skills, they become responsible, productive, caring, and engaged citizens. Girls who develop these five outcomes are: happier; healthier; less likely to engage in problem behaviors or be victimized; achieve higher academically; feel more engaged in school; become strong college and job candidates; and become successful, well-adjusted adults.

BORLAND
BENEFIELD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Girl Scouts of North-Central Alabama, Inc.
Birmingham, Alabama

Opinion

We have audited the accompanying financial statements of Girl Scouts of North-Central Alabama, Inc. (the Council), 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 the Council as of September 30, 2025, and the changes in its 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 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 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 the Council'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, including omissions, 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.

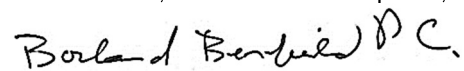
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 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, that 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.

Report on Summarized Comparative Information

We have previously audited the Council's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 3, 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.



Borland Benefield, P.C.
Birmingham, Alabama
February 6, 2026

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Financial Position

As of September 30, 2025

With Summarized Totals as of September 30, 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash		
Unrestricted	\$ 3,553,389	\$ 3,363,511
Restricted	57,389	30,960
Investments	9,538,752	8,688,644
Accounts receivable, net	2,285	346,319
Contributions receivable	-	8,333
Inventory	182,309	147,478
Prepaid expenses	<u>100,324</u>	<u>78,177</u>
Total Current Assets	<u>13,434,448</u>	<u>12,663,422</u>
Non-Current Assets		
Beneficial interest in charitable trusts	354,922	355,536
Operating lease right of use assets, net	1,377,943	1,500,659
Property and equipment, net (including finance lease ROU, net of \$29,948 and \$51,087)	<u>5,678,012</u>	<u>6,107,386</u>
Total Non-Current Assets	<u>7,410,877</u>	<u>7,963,581</u>
Total Assets	<u>\$ 20,845,325</u>	<u>\$ 20,627,003</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 167,237	\$ 171,182
Accrued liabilities	4,617	5,402
Accrued vacation	116,982	118,202
Custodial funds	10,688	6,138
Finance lease liability, current portion	21,635	21,300
Operating lease liability, current portion	128,106	122,712
Deferred revenue	<u>62,776</u>	<u>31,460</u>
Total Current Liabilities	<u>512,041</u>	<u>476,396</u>
Non-Current Liabilities		
Finance lease liability, non-current portion	9,114	30,749
Operating lease liability, non-current portion	<u>1,249,837</u>	<u>1,377,947</u>
Total Non-current Liabilities	<u>1,258,951</u>	<u>1,408,696</u>
Net Assets		
Without donor restrictions	16,900,098	17,368,856
Without donor restrictions - board designated	1,750,080	1,007,578
With donor restrictions	<u>424,155</u>	<u>365,477</u>
Total Net Assets	<u>19,074,333</u>	<u>18,741,911</u>
Total Liabilities and Net Assets	<u>\$ 20,845,325</u>	<u>\$ 20,627,003</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities
For the Year Ended September 30, 2025
With Summarized Totals for the Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Public Support				
United Way allocation	\$ 642,456	\$ -	\$ 642,456	\$ 640,883
Contributions	53,058	140,804	193,862	146,189
Other public support	107,050	-	107,050	100,500
Contributions of non-financial assets	<u>21,162</u>	<u>-</u>	<u>21,162</u>	<u>5,999</u>
Total Public Support	<u>823,726</u>	<u>140,804</u>	<u>964,530</u>	<u>893,571</u>
Program Related Revenue				
Gross product sales	4,684,722	-	4,684,722	5,117,836
Direct cost of product sales	<u>(1,934,893)</u>	<u>-</u>	<u>(1,934,893)</u>	<u>(1,735,549)</u>
Net revenue from product sales	<u>2,749,829</u>	<u>-</u>	<u>2,749,829</u>	<u>3,382,287</u>
Retail revenue	183,213	-	183,213	221,701
Direct cost of retail sales	<u>(89,214)</u>	<u>-</u>	<u>(89,214)</u>	<u>(111,520)</u>
Net revenue from retail sales	<u>93,999</u>	<u>-</u>	<u>93,999</u>	<u>110,181</u>
Program fees	207,442	-	207,442	166,432
Rental income	<u>48,662</u>	<u>-</u>	<u>48,662</u>	<u>49,080</u>
Total Program Related Revenue	<u>3,099,932</u>	<u>-</u>	<u>3,099,932</u>	<u>3,707,980</u>
Investment and Other Revenue				
Investment return, net	981,604	33,900	1,015,504	1,741,125
Gain on sales of fixed assets	-	-	-	256,451
Other income	<u>22,518</u>	<u>-</u>	<u>22,518</u>	<u>13,223</u>
Total Investment and Other Revenue	<u>1,004,122</u>	<u>33,900</u>	<u>1,038,022</u>	<u>2,010,799</u>
Net assets released from restrictions	<u>116,026</u>	<u>(116,026)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>\$ 5,043,806</u>	<u>\$ 58,678</u>	<u>\$ 5,102,484</u>	<u>\$ 6,612,350</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Activities (continued)

For the Year Ended September 30, 2025

With Summarized Totals for the Year Ended September 30, 2024

	Without Donor Restriction	With Donor Restriction	2025 Total	2024 Total
Expenses				
Program services	\$ 4,152,932	\$ -	\$ 4,152,932	\$ 3,885,380
Management and general	395,146	-	395,146	368,880
Fundraising	<u>221,984</u>	<u>-</u>	<u>221,984</u>	<u>206,689</u>
Total Expenses	<u>4,770,062</u>	<u>-</u>	<u>4,770,062</u>	<u>4,460,949</u>
Change in Net Assets	273,744	58,678	332,422	2,151,401
Net Assets, Beginning of Year	<u>18,376,434</u>	<u>365,477</u>	<u>18,741,911</u>	<u>16,590,510</u>
Net Assets, End of Year	<u>\$ 18,650,178</u>	<u>\$ 424,155</u>	<u>\$ 19,074,333</u>	<u>\$ 18,741,911</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Statement of Functional Expenses
For the Year Ended September 30, 2025
With Summarized Totals for the Year Ended September 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2025 Total</u>	<u>2024 Total</u>
Functional Expenses					
Salaries	\$ 1,690,276	\$ 166,096	\$ 97,704	\$ 1,954,076	\$ 1,967,482
Occupancy	496,520	48,791	28,701	574,012	414,851
Depreciation	489,437	48,095	28,291	565,823	390,887
Supplies	247,559	22,764	14,228	284,550	314,478
Benefits	243,451	23,923	14,071	281,446	237,854
Insurance	188,520	18,525	10,897	217,942	186,034
Professional fees	167,654	26,166	-	193,820	196,153
Assistance to girls and adults	183,740	-	-	183,740	180,859
Retirement	157,477	14,481	9,050	181,008	181,008
Payroll taxes	120,868	11,877	6,987	139,732	140,680
Transportation and travel	62,984	5,792	3,620	72,395	101,351
Telephones and connectivity	52,925	5,201	3,059	61,185	57,260
Printing/advertising/marketing	17,540	1,724	1,013	20,278	23,572
Miscellaneous/ bank and credit card fees	13,781	-	3,232	17,013	17,556
Equipment rental/purchase/lease	10,520	1,034	608	12,162	22,257
Postage	4,782	470	276	5,528	15,619
Conference and meetings	2,108	207	122	2,437	9,987
Organization dues	2,255	-	-	2,255	2,071
Interest expense	535	-	125	660	990
Total Functional Expenses	<u>\$ 4,152,932</u>	<u>\$ 395,146</u>	<u>\$ 221,984</u>	<u>\$ 4,770,062</u>	<u>\$ 4,460,949</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Statement of Cash Flows
For the Year Ended September 30, 2025
With Summarized Total for the Year Ended September 30, 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants	\$ 1,295,736	\$ 571,842
Cash received from programs	238,758	160,138
Cash received from gross product sales	4,684,722	5,117,836
Cash received from merchandise	183,213	221,701
Cash received from other income	71,185	62,308
Cash paid to suppliers and employees	(6,265,565)	(5,851,068)
Interest received	132,267	182,842
Dividends received	248,500	234,201
Net Cash Provided by Operating Activities	<u>588,816</u>	<u>699,800</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,034,326)	(952,220)
Proceeds from sale of investments	999,473	697,057
Proceeds from sale of property plant and equipment	-	868,009
Income distributions from beneficial trusts	33,900	34,894
Purchase of property and equipment	<u>(350,256)</u>	<u>(2,575,455)</u>
Net Cash (Used) by Investing Activities	<u>(351,209)</u>	<u>(1,927,715)</u>
Cash Flows From Financing Activities		
Principal payments on finance lease	<u>(21,300)</u>	<u>(20,970)</u>
Net Cash (Used) by Financing Activities	<u>(21,300)</u>	<u>(20,970)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	216,307	(1,248,885)
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	<u>3,394,471</u>	<u>4,643,356</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 3,610,778</u>	<u>\$ 3,394,471</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Unrestricted	\$ 3,553,389	\$ 3,363,511
Restricted	<u>57,389</u>	<u>30,960</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 3,610,778</u>	<u>\$ 3,394,471</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements For the Year Ended September 30, 2025

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Girl Scouts of North-Central Alabama, Inc. (the Council) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Council, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

Use of Estimates – The preparation of financial statements in conformity with *Generally Accepted Accounting Principles* includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes – The Council is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. However, the Council is required to file an annual informational return.

The Council has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of the Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. As of September 30, 2025, the Council had no uncertain tax positions that qualify for disclosure in the financial statements. The Council files an annual Form 990 with the Internal Revenue Service, and its tax returns for the year 2022 and subsequent years remain subject to examination by tax authorities.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Council considers demand deposits and investments with an original maturity of 90 days or less to be cash equivalents.

Receivables – Receivables consist of grant funds due from grantor agencies and service fee receivables.

The Council uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms, practices, and the client base have not changed significantly. On September 30, 2025, management believed that the total accounts receivable would be collected, and no allowance was estimated.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Investments in certificates of deposits held with financial institutions are measured at cost. Interest income earned through these instruments is recognized through an increase in net assets without donor restrictions.

Investment Expenses – External and direct internal expenses relating to investment revenues amounted to \$44,197 as of September 30, 2025 and have been netted against investment revenues in the accompanying Statement of Activities.

Restricted and Unrestricted Revenue – Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire (that is, when a stipulated time restriction ends or a 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 restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of cash flows. Management has determined the discounts on those amounts to be immaterial.

Property and Equipment – Property and equipment are carried at cost or, if donated, the fair market value at the time of the donation and are depreciated or amortized over their estimated useful lives using the straight-line method. Major improvements and betterments that extend the useful life of the related asset are capitalized. Repairs and maintenance are expensed as incurred.

Inventory – Inventory consists of items for sale through the shops of the Council. They are stated at the lower of cost (first-in, first-out basis) or market.

Functional Expenses – The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

For the year ended September 30, 2025, the Council's total expenses were \$6,794,169, consisting of program service expenses of \$4,152,932, management and general expenses of \$395,146, fundraising expenses of \$221,984, direct costs of product sales and special events of \$1,934,893, and direct costs of retail sales of \$89,214.

Advertising Costs – The Council expenses advertising costs as the advertising occurs. Advertising is used to promote the membership opportunities and various programs available within the Council. For the year ended September 30, 2025, advertising expenses totaled \$52.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Revenue from Contracts with Customers – The Council has adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”), which provides guidance for reporting revenue from the Council’s contracts to provide goods or services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. A significant portion of the Council’s revenue-generating transactions is excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities, and from donor contributions.

Revenue-generating transactions that are within the scope of ASC 606 are described as follows:

Cookie Sales – Revenue from cookie sales is recognized at the point of sale.

Contributions of Nonfinancial Assets – Contributions of nonfinancial assets are recognized at fair value at the date of the donation. The amounts reflected in the accompanying financial statements as contributions of nonfinancial assets are offset by like amounts included in conferences and meetings and supplies expenses in the Statement of Functional Expense.

Leases – The Council has leased office space and equipment. The determination of whether an arrangement is a lease is made at the lease’s inception. Under FASB ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to obtain substantially all of the economic benefits from the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in assets as right-of-use (“ROU”) asset and in the liabilities as a ROU liability in the statement of financial position. Finance leases are included in property and equipment and liabilities in the statement of financial position. Leases with an initial term of 12 months or less are not recorded on the statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Council uses the implicit rate when it is readily determinable. If the Council’s leases do not provide an implicit rate to determine the present value of lease payments, management uses the incremental borrowing rate based on information available at lease commencement. Operating lease ROU assets also include any payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Council’s lease terms may include options to extend or terminate the lease when it is reasonably certain they will exercise the option.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 2 – Liquidity and Availability of Financial Assets

The following reflects the Council's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or board restrictions within one year of the balance sheet date.

Financial Assets, at year end	\$ 13,151,815
Assets to be used for restricted use	
Board designated - capital expenditures	(1,149,745)
Board designated - pension	(362,100)
Board designated - scholarship	(163,235)
Board designated - Girl International Travel	(75,000)
Donor restricted funds	<u>(424,155)</u>
Financial assets available to met cash needs for general expenditures within one year	<u>\$ 10,977,580</u>

The Council also manages liquidity through maintaining an operating line of credit of \$500,000 with a bank that is drawn upon only in times of critical need. See Note 6 for further description of this line.

Note 3 – Cash and Cash Equivalents

The Council maintains accounts at three financial institutions. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. On September 30, 2025, the Council has amounts over the FDIC coverage at one bank in the amount of \$3,053,524. The Council has not experienced any losses in the account. The Council believes it is not exposed to any significant credit risk on cash and cash equivalents. Restricted cash is only able to be used for capital purchases for the Council.

On September 30, 2025, the Council had total cash on hand and deposits with financial institutions in the amount of \$3,610,778 as follows:

Checking account:	
Operating	\$ 37,699
Capital	57,389
Money market	3,514,940
Petty cash	<u>750</u>
Total Cash and Cash Equivalents	<u>\$ 3,610,778</u>

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 4 – Fair Value Measurements

FASB ASC 820-10-50 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of assets measured on a recurring basis on September 30, 2025, we as follows:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market mutual fund	\$ 644,677	\$ -	\$ 644,677	\$ -
Equity mutual funds	5,561,519	5,561,519	-	-
Fixed income mutual funds	3,332,556	3,332,556	-	-
Total	<u>\$ 9,538,752</u>	<u>\$ 8,894,075</u>	<u>\$ 644,677</u>	<u>\$ -</u>
Other Investments				
Beneficial Interest in Arthur Lee perpetual trust	\$ 67,220	\$ -	\$ -	\$ 67,220
Beneficial Interest in Charles Hamilton perpetual trust	287,702	-	-	287,702
Total Investments	<u>\$ 9,893,674</u>	<u>\$ 8,894,075</u>	<u>\$ 644,677</u>	<u>\$ 354,922</u>

During 2024, the Council experienced unrealized gains on the Council’s beneficial interest in the Trust of Arthur Lee and Charles Hamilton (see Note 12). These amounts are separately stated as donor-restricted investment income on the Statement of Activities. The table below summarizes the changes in the fair value of the Council’s Level 3 investment assets for the year ended September 30, 2025.

	<u>Level 3 Assets</u>
Beginning balance - October 1, 2024	355,536
Purchases	-
Sales	-
Distributions	(33,900)
Unrealized gains for instruments held at the reporting date	<u>33,286</u>
Ending balance - September 30, 2025	<u>\$ 354,922</u>

See independent auditor’s report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 4 – Fair Value Measurements (continued)

All assets have been valued using a market approach.

Investment income was composed of the following for the year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 380,767	\$ -	\$ 380,767
Beneficial interest in charitable trust distributions	-	33,900	33,900
Unrealized gains	588,288	-	588,288
Realized gains	56,745	-	56,745
Investment fees	<u>(44,196)</u>	<u>-</u>	<u>(44,196)</u>
Total	<u>\$ 981,604</u>	<u>\$ 33,900</u>	<u>\$ 1,015,504</u>

The total donor-restricted beneficial interest in charitable distributions in the schedule above represents distributions from the Council's beneficial interest in the Trust of Arthur Lee and Charles Hamilton during 2024.

Assets in investment accounts are protected from custodial credit risk by SIPC up to \$500,000, of which \$250,000 may be cash. On September 30, 2025, investments in the amount of \$9,038,752 were uninsured under SIPC coverage.

Note 5 – Property and Equipment

The following is a summary of property and equipment as of September 30, 2025:

Land	\$ 1,365,593
Buildings and improvements	10,866,674
Equipment	769,965
Furniture and fixtures	363,104
Vehicles	330,651
Construction in Progress	<u>62,200</u>
	13,758,187
Less: Accumulated depreciation	<u>(8,080,175)</u>
Total Property and Equipment	<u>\$ 5,678,012</u>

Depreciation expense for the year ended September 30, 2025, was \$565,823.

Note 6 – Line of Credit

The Council has an available \$500,000 revolving line of credit agreement with ServisFirst Bank. The line matures on August 23, 2026. Borrowings are unsecured and the line bears interest at the bank's prime lending rate. There was no balance outstanding on the line of credit on September 30, 2025.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2025

Note 7 – Employee Benefit 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 for new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Net Plan assets declined during the year and are less than the actuarial present value of accumulated Plan benefits as of January 1, 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 lowering the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in 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 the annuity purchases that occurred in 2024 and 2025 for a select group of councils. The Council's pension expense and contributions to this plan for the year ended September 30, 2025 were \$181,008.

The Council sponsors a 403(b) defined contribution plan that covers all eligible employees at retirement based on years of service and compensation. For the year ended September 30, 2025 total Council contributions amounted to \$17,225.

Note 8 – Net Assets With Donor Restrictions

Net assets with donor restrictions have been restricted for specified purposes by donors and contributors. Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as reflected in the Statement of Activities. Net assets with donor restrictions are comprised of the following:

Hamilton Trust	\$	57,389
Charles Hamilton beneficial interest		287,702
Arthur Lee beneficial interest		67,220
Disc Golf Course- Camp Coleman		11,844
Total	\$	<u>424,155</u>

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 9 – Leasing Activities

The Council has both operating leases for office space and a financing lease for office equipment. The leases each have terms between five and ten years. The Council also has certain leases for office space with terms less than 12 months for which the Council has elected to recognize in program, management and general, and fundraising expenses. No imputed interest rates for either of the leases, so the risk-free treasury rate was used to determine the present value of the lease payments. The following summarizes the line items in the Statement of Financial Position, which include amounts for operating and finance leases as of September 30, 2025:

	<u>2025</u>
Operating Leases	
Operating lease right-of-use-assets	<u>\$ 1,377,943</u>
Operating lease liabilities, current portion	\$ 128,106
Operating lease liabilities, non-current portion	<u>1,249,837</u>
Total Operating Lease Liabilities	<u>\$ 1,377,943</u>
Finance Leases	
Property and equipment	105,698
Accumulated depreciation	<u>(75,750)</u>
Property and Equipment, net	<u>\$ 29,948</u>
Finance lease liabilities, current portion	\$ 21,635
Finance lease liabilities, non-current portion	<u>9,114</u>
Total Finance Lease Liabilities	<u>\$ 30,749</u>

The following summarizes the weighted average remaining lease term and discount rate as of September 30:

Weighted Average Remaining Lease Term	
Operating lease	9 years
Finance leases	1.42 years
Weighted Average Discount Rate	
Operating lease	4.31%
Finance lease	1.56%

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 9 – Leasing Activities (continued)

The maturities of lease liabilities as of September 30, 2025 were as follows:

For the Years Ending September 30,	<u>Operating</u>	<u>Financing</u>
2026	\$ 184,986	\$ 21,960
2027	184,986	9,150
2028	184,986	-
2029	184,986	-
2030	184,986	-
Thereafter	<u>739,945</u>	<u>-</u>
Total lease payments	1,664,876	31,110
Less: Interest	<u>(286,933)</u>	<u>(361)</u>
Present Value of Lease Liabilities	<u>\$ 1,377,943</u>	<u>\$ 30,749</u>

The following summarizes the lines in the Statement of Activities, which include the components of lease expense for the year ended September 30, 2025:

Operating Lease Costs:

Short-term leases, included in program expenses	\$ 223,885
Short-term leases, included in management and general expenses	22,000
Short-term leases, included in fundraising expenses	<u>12,941</u>
Total Operating Lease Expenses	<u>\$ 258,826</u>

Finance Lease Costs:

Amortization of lease assets, included in program expenses	\$ 18,286
Amortization of lease assets, included in management and general expenses	1,797
Amortization of lease assets, included in fundraising expenses	1,057
Interest on lease liabilities, included in program expenses	571
Interest on lease liabilities, included in management and general expenses	56
Interest on lease liabilities, included in fundraising expenses	<u>33</u>
Total Finance Lease Expenses	<u>\$ 21,800</u>

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

Notes to Financial Statements (continued) For the Year Ended September 30, 2025

Note 9 – Leasing Activities (continued)

The following summarizes cash flow information related to leases for the year ended September 30, 2025:

Cash Paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 258,826
Operating cash flows from finance leases	990
Financing cash flows from finance leases	20,970

Note 10 – Contributions of Non-Financial Assets

The Council received contributions of non-financial assets for the year ended September 30, 2025:

Program facility fee	\$ 6,000
Program services	6,974
Program supplies	<u>8,188</u>
Total Gifts-In-Kind	<u>\$ 21,162</u>

The Council's policy related to contributions of non-financial assets is to utilize the assets given to carry out the Council.

The Council utilizes facilities for the operations of certain programs. The usage of this space was provided at no cost to the Council, but based on rental rates for the facilities, the Council would have paid \$6,000 for the space usage for the year ended September 30, 2025.

The Council received donated supplies and services with an estimated fair market value of \$8,188 and \$6,974, respectively, for the operations of their programs.

Note 11 – Board Designated Net Assets

The Board of Directors designated a portion of funds for the following purposes for the year ended September 30, 2025:

Property plant and equipment fund	\$ 1,149,745
GSUSA retirement fund	362,100
Alice Williams scholarship fund	163,235
Alice Williams travel fund	<u>75,000</u>
Total	<u>\$ 1,750,080</u>

Note 12 – Beneficial Interest in Charitable Trusts

The Council is a 5% beneficiary of the Arthur H Lee Charitable Trust. Under the terms of the will, the Council has the irrevocable right to receive the income earned on trust assets in perpetuity. The Council's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, fixed income, and equity securities. These assets are not subject to control or direction by the Council.

See independent auditor's report.

GIRL SCOUTS OF NORTH-CENTRAL ALABAMA, INC.

**Notes to Financial Statements (continued)
For the Year Ended September 30, 2025**

Note 12 – Beneficial Interest in Charitable Trusts (continued)

Distributions of income from the trust are reported as investment income. Gains and losses, which are not distributed by the trusts, are reflected as either an unrealized gain or loss in the Statement of Activities. At September 30, 2025, the fair value of the Council's beneficial interest was valued at \$67,220. The amount is donor-restricted.

The Council is a 15% beneficiary of the Charles A Hamilton Charitable Trust. Under the terms of the will, the Council has the irrevocable right to receive the income earned on trust assets in perpetuity. The Council's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, fixed income, and equity securities. These assets are not subject to control or direction by the Council. Distributions of income from the trust are reported as investment income. Gains and losses, which are not distributed by the trusts, are reflected as either an unrealized gain or loss in the Statement of Activities. At September 30, 2025, the fair value of the Council's beneficial interest was valued at \$287,702. The amount is donor-restricted.

Note 13 – Subsequent Events

On October 23, 2025, the National Board of Directors of the Girl Scouts of the United States approved the termination of the National Girl Scout Council Retirement Plan (Plan). The termination process is expected to be completed in 2027 when all liabilities under the Plan will be settled through the payment of lump sums of the purchase of annuity contracts. Our monthly contributions are expected to continue until the settlement of all Plan liabilities.

Subsequent events have been evaluated through February 6, 2026, which is the date the financial statements were issued.