

**GIRL SCOUTS OF
CALIFORNIA'S CENTRAL COAST
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

September 30, 2025 and 2024

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Girl Scouts of California's Central Coast
Ventura, California

Opinion

We have audited the accompanying financial statements of Girl Scouts of California's Central Coast (a non-profit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of California's Central Coast as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girl Scouts of California's Central Coast 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 California's Central Coast's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 California's Central Coast'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts of California's Central Coast'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.

McGowan Guntermann

Santa Barbara, California

March 20, 2026

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

STATEMENTS OF FINANCIAL POSITION

September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 433,884	\$ 819,230
Accounts receivable (Note 2)	957,629	1,171,302
Inventory	206,691	155,665
Prepaid expenses	<u>47,822</u>	<u>50,628</u>
Total Current Assets	1,646,026	2,196,825
OTHER ASSETS		
Investments (Note 3)	2,650,196	3,546,903
Beneficial interest in assets held at Community Foundation (Note 4)	103,247	97,303
Property and equipment - net (Note 5)	3,334,843	1,865,916
Operating lease right-of-use assets - net (Note 10)	197,541	412,628
Deposits	<u>27,525</u>	<u>26,315</u>
TOTAL ASSETS	<u><u>\$ 7,959,378</u></u>	<u><u>\$ 8,145,890</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 250,949	\$ 166,999
Accrued compensation	258,971	236,637
Deferred revenue	100,393	168,822
Operating lease right-of-use liability - current portion (Note 10)	205,514	207,535
Custodial funds	634	540
Line of credit	<u>400,000</u>	<u>-</u>
Total Current Liabilities	1,216,461	780,533
LONG-TERM LIABILITIES		
Operating lease right-of-use liability - net of current portion	<u>-</u>	<u>205,482</u>
Total Long-Term Liabilities	<u>-</u>	<u>205,482</u>
TOTAL LIABILITIES	<u>1,216,461</u>	<u>986,015</u>
NET ASSETS		
Without Donor Restrictions	6,639,670	7,028,621
With Donor Restrictions (Note 14)	<u>103,247</u>	<u>131,254</u>
TOTAL NET ASSETS	<u>6,742,917</u>	<u>7,159,875</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,959,378</u></u>	<u><u>\$ 8,145,890</u></u>

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

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Cookie sales, net (Note 11)	\$ 2,884,632	\$ -	\$ 2,884,632	\$ 3,544,834	\$ -	\$ 3,544,834
Contributions and grants	597,428	-	597,428	448,363	-	448,363
Federal grants	108,039	-	108,039	1,138,054	-	1,138,054
Non-cash contributions (in-kind)	1,358,000	-	1,358,000	-	-	-
Girl Scout program revenue	258,132	-	258,132	230,067	-	230,067
Nut sales, net (Note 11)	152,349	-	152,349	215,078	-	215,078
Rental income	164,200	-	164,200	182,271	-	182,271
Special events, net of \$21,490 and \$84,206 in expenses for 2025 and 2024, respectively	(21,490)	-	(21,490)	(70,840)	-	(70,840)
Investment income, net (Note 3)	343,761	-	343,761	900,806	-	900,806
In-kind contributions (Note 2)	-	-	-	1,100	-	1,100
Merchandise sales, net (Note 11)	136,359	-	136,359	98,598	-	98,598
Change in value of beneficial interest in assets held at Community Foundation (Note 4)	-	5,944	5,944	-	12,723	12,723
Gain on sale of assets	4,000	-	4,000	-	-	-
Net assets released from restrictions	33,951	(33,951)	-	42,702	(42,702)	-
Total Revenue, Gains and Other Support	6,019,361	(28,007)	5,991,354	6,731,033	(29,979)	6,701,054
EXPENSES						
Program services	5,748,104	-	5,748,104	5,208,209	-	5,208,209
Support services						
Management and general	299,327	-	299,327	520,885	-	520,885
Fundraising	360,881	-	360,881	410,330	-	410,330
Total Support Services	660,208	-	660,208	931,215	-	931,215
Total Expenses	6,408,312	-	6,408,312	6,139,424	-	6,139,424
CHANGES IN NET ASSETS	(388,951)	(28,007)	(416,958)	591,609	(29,979)	561,630
NET ASSETS, BEGINNING OF YEAR	7,028,621	131,254	7,159,875	6,437,012	161,233	6,598,245
NET ASSETS, END OF YEAR	\$ 6,639,670	\$ 103,247	\$ 6,742,917	\$ 7,028,621	\$ 131,254	\$ 7,159,875

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

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2025 and 2024

	2025				2024			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
EXPENSES								
Salaries and wages	\$ 2,679,846	\$ 121,616	\$ 214,286	\$ 3,015,748	\$ 2,481,682	\$ 174,540	\$ 237,260	\$ 2,893,482
Payroll taxes and employee benefits	777,130	35,267	62,141	874,538	811,155	57,050	77,550	945,755
Retirement plan costs	163,929	7,439	13,108	184,476	165,224	11,620	15,796	192,640
Recruiting	-	11,625	-	11,625	-	6,884	-	6,884
Total Salaries and Related Expenses	3,620,905	175,947	289,535	4,086,387	3,458,061	250,094	330,606	4,038,761
Girl Scout program expenses	358,520	-	-	358,520	358,558	-	-	358,558
Staff development	17,028	10,257	668	27,953	12,486	20,120	2,392	34,998
Fundraising	-	-	21,490	21,490	-	-	84,206	84,206
Printing, publications and supplies	55,658	5,614	8,504	69,776	22,095	10,894	12,157	45,146
Postage and mailings	22,354	2,760	1,132	26,246	21,341	2,578	-	23,919
Travel and transportation	64,296	10,475	9,758	84,529	64,419	13,076	16,723	94,218
Advertising	148,809	13,108	2,829	164,746	163,038	-	3,368	166,406
Facility and occupancy	412,660	2,660	4,082	419,402	259,880	87,562	16,227	363,669
Lease expense - ROU	211,630	1,364	2,093	215,087	131,814	41,716	1,009	174,539
Information technology and communications	273,959	21,786	40,272	336,017	262,145	18,289	24,385	304,819
Equipment maintenance and repairs	66,963	3,059	275	70,297	61,067	7,181	938	69,186
Insurance	147,671	4,250	-	151,921	101,046	23,626	-	124,672
Audit, legal and professional fees	1,875	24,000	-	25,875	3,752	32,568	-	36,320
Bank fees and interest	109,073	24,047	1,733	134,853	91,136	5,226	2,525	98,887
Depreciation	238,169	-	-	238,169	197,112	7,955	-	205,067
Bad debt	(1,466)	-	-	(1,466)	259	-	-	259
Total Expenses by Function	5,748,104	299,327	382,371	6,429,802	5,208,209	520,885	494,536	6,223,630
Less expenses included with revenues on the statement of activities								
Special event direct expenses	-	-	(21,490)	(21,490)	-	-	(84,206)	(84,206)
Total Expenses	\$ 5,748,104	\$ 299,327	\$ 360,881	\$ 6,408,312	\$ 5,208,209	\$ 520,885	\$ 410,330	\$ 6,139,424

The accompanying notes are an integral part of these schedules.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (416,958)	\$ 561,630
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in value of beneficial interest in assets held at Community Foundation	(5,944)	(12,723)
Depreciation and amortization	238,169	205,067
Amortization on right-of-use assets	215,087	174,540
Contribution of in-kind property and equipment	(1,358,000)	-
Gain on investments	(283,754)	(833,921)
Gain on disposition of assets	(4,000)	-
Changes in:		
Accounts receivable	213,673	(897,719)
Contributions receivable	-	42,702
Inventory	(51,026)	(2,188)
Prepaid expenses	2,806	78,937
Deposits	(1,210)	(4,100)
Accounts payable and accrued expenses	84,044	(99,523)
Accrued compensation	22,334	(24,579)
Deferred revenue	(68,429)	80,743
Operating lease right-of-use liabilities	<u>(207,503)</u>	<u>(179,501)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,620,711)</u>	<u>(910,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(349,096)	(392,818)
Proceeds from sale of property and equipment	4,000	8,400
Purchases of investments	(184,262)	(484,125)
Proceeds from sale of investments	<u>1,364,723</u>	<u>1,306,737</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>835,365</u>	<u>438,194</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	<u>400,000</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>400,000</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(385,346)	(472,441)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>819,230</u>	<u>1,291,671</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 433,884</u>	<u>\$ 819,230</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Contribution of in-kind property and equipment	\$ 1,358,000	\$ -
ROU assets obtained in exchange for operating lease obligations	\$ -	\$ 430,174

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

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

Note 1 - ORGANIZATION

Effective October 1, 2007, Girl Scouts of Monterey Bay and Tres Condados Girl Scouts Council, Inc. merged and formed a combined entity, Girl Scouts of California's Central Coast (the Council). The pooling of interests method was used to account for the merger. Girl Scouts of Monterey Bay was the surviving entity and filed for a name change with the State of California. The Council operates in the Monterey, Santa Cruz, San Benito, Santa Barbara, San Luis Obispo and Ventura counties of California. The purpose of Girl Scouting is to build girls of courage, confidence, and character, who make the world a better place. The Council is supported by donations from the general public, funds raised by various events and activities, including the annual Girl Scout cookie program.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation – The financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liabilities are incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Use of estimates – Preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and to disclose any material contingent amounts. Accordingly, actual results could differ from such estimates.

Significant estimates used in the preparation of these financial statements include allocation of certain expenses by function, fair market value of certain investments, and depreciable lives of property and equipment.

Cash and cash equivalents – Cash and cash equivalents include demand deposit accounts, money market accounts and cash on hand. Cash and cash equivalents does not include bank accounts held by Girl Scout troops and other groups such as service units, committees and volunteer-led camps under the federal identification number of the Council.

Cash held in troops and groups operate under the Council's federal identification number but not under the control of the Council. The Council will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. Annually, troops and groups are required to report to the Council the balance in their accounts and the sources and uses of funds since the last reporting date.

Accounts receivable – Accounts receivable are expected to be collected within one year. Receivables at September 30, 2025, include Employee Retention Credit (ERC) to be applied to amended quarterly payroll filings in 2022. Total credits as of September 30, 2025, were \$962,555. Allowance for uncollectible accounts is based on management's judgment and prior collection experience. The allowance for uncollectible accounts was \$10,000 and \$10,000 as of September 30, 2025 and 2024, respectively.

Employee Retention Credit receivable consists of amounts receivable from the government grant ERC Program and are considered fully collectible. Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable (continued) – Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Council's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Council.

Allowance for Credit Losses – The Council has previously adopted FASB ASC 326, measuring credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. Financial assets held by the Council that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in the preceding disclosure only.

Contributions receivable – Contributions receivable consists primarily of pledges to give and grants receivable. No allowance has been recorded since the Council expects all amounts to be fully collectible. All contributions are expected to be collected within one year.

Inventory – Merchandise held for sale consists of retail goods, primarily Girl Scout program components. Inventory cost is determined based on standard costs established by Girl Scouts of the United States of America (GSUSA) and provided through a GSUSA-managed inventory system (Opsuite). GSUSA maintains centralized control over product pricing and periodically updates standard costs, which are automatically applied to inventory valuations through an API connection. As a result, inventory is reflected at GSUSA's current standard cost rather than historical acquisition cost.

Management records periodic inventory valuation adjustments to reconcile the Council's general ledger balances with the Opsuite system valuation. During the year ended September 30, 2025, the Council recorded a cumulative inventory adjustment related to prior-year variances and the implementation of an ongoing quarterly reconciliation process. Management has reviewed these adjustments and determined they are not material to the Council's financial position.

No new retail sites were opened in the years ended September 30, 2024, and 2025.

Investments – Investments are measured at fair value in the statements of financial position. The fair values are based on quoted market prices. Gains and losses on disposition of investments are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statements of activities and changes in net assets.

Property and equipment – Property and equipment are recorded at cost if purchased and at estimated fair market value if donated. All property and equipment greater than \$5,000 are capitalized. Major improvements are capitalized; maintenance and repairs which do not extend the useful life of the respective assets are expensed. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years.

Custodial funds – Custodial funds represent deposits received by the Council from various Girl Scout troops for membership registration fees that are forwarded to Girl Scouts of the U.S.A. (GSUSA).

Fair value measurements – Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Council considers the principal or most advantageous market in which it would transact, and considers assumptions that market participants would use when pricing the asset or liability.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The three-level hierarchy for fair value measurements is defined as follows.

Level 1 – Valuation is based on observable inputs using quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not active or valuation methods using models, interest rates and yield curves as observable inputs.

Level 3 – Valuation is based on unobservable inputs for the assets, reflecting the Council's consideration about the assumptions that a market participant would use in pricing the asset or liability, to the extent that observable inputs (Levels 1 and 2) are not available. Level 3 assets and liabilities include situations where there is little or no market activity for the asset or liabilities, and significant management judgment or estimates are required.

Investments are classified as Level 1 because they are valued using quoted prices in active markets. Beneficial interest in assets held at Community Foundation are classified as Level 2 because the Council records the values based on the statements received from the Community Foundation, and the assets invested by the Community Foundation are held in active markets.

While the Council believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the financial statements.

Financial instruments – Financial instruments included in the Council's statements of financial position include cash and cash equivalents, accounts receivable, contributions receivable, investments, beneficial interest in assets held at Community Foundation, accounts payable and accrued expenses, accrued compensation, and custodial funds. The carrying amounts represent a reasonable estimate of the corresponding fair values. Investments and beneficial interest in assets held at Community Foundation are reflected in the accompanying statements of financial position at their estimated fair values using methodologies described below.

Leases – The Council has previously adopted FASB ASC 842, Leases. For the year ended September 30, 2025, the Council had multiple noncancellable operating leases.

Further, the Council elected a short-term lease extension policy, permitting the Council to not apply the recognition requirements of this standard to short-term leases (i.e., leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of net assets.

Donated services – The Council records various types of donated services. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated services (continued)

Donated supplies are recorded if they would typically need to be purchased if not provided by donation. In-kind donations that meet the above criteria are recorded as contributions at the approximate fair market value at the time of donation. The value of these donated services and supplies that are included in the financial statements as in-kind contributions and expenses for the years ended September 30, 2025 and 2024, was \$0 and \$1,100, respectively.

Functional expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the schedules of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

Revenue recognition

Program fees – Program fees consist of camp and event fees and other related programs for girls that are held throughout the year to develop a sense of accomplishment and increase self-confidence and leadership skills. Revenue from program fees is recorded when earned.

Product sales – Girl Scout product sale activities help girls learn invaluable skills such as goal setting, decision-making, money management and delivering on a promise. Each troop or group that sells products earns money for its treasury and plans how to spend that money to achieve its goals. The Council's share of proceeds from the product sale activities helps to provide the financial assistance needed to make Girl Scouting available for all girls, to fund camps and program activities, to keep event/camp fees for all members to a minimum, to improve and maintain camp and other activity sites, to recruit and train volunteer leaders, and to pay Council operating expenses. Revenue is recognized once delivery of products has occurred, the price is fixed or determined, and collectability is reasonably assured.

Merchandise sales – Merchandise sales consisted primarily of sales of Girl Scouts-related equipment and supplies. Sales occurred primarily at the Council's retail stores and via an on-line store. Proceeds from merchandise sales helped to cover the cost of maintaining the Council retail stores as a service to members. Revenue was recognized at the time of the sale. Merchandise sales processed through the on-line store are recorded at net proceeds as received from GSUSA, less all GSUSA's costs associated with the sales.

Rental income – Rental income consists primarily of rental fees earned from renting out camp facilities to troops and nonprofit organizations when not in use. Revenue is recognized as the rental period occurs.

Shipping and handling costs – Freight billed to customers is considered sales revenue and the related freight costs are included as a cost of sales.

Advertising costs – Advertising costs are expensed as incurred.

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

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

Note 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are presented in the financial statements at fair market value, which is derived from quoted market prices at year end. At September 30, 2025, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash held for investment	\$ 91,645	\$ 91,645	\$ -
Equities and fixed income	<u>1,826,238</u>	<u>2,558,551</u>	<u>732,313</u>
Total	<u>\$ 1,917,883</u>	<u>\$ 2,650,196</u>	<u>\$ 732,313</u>

The following summarizes the net change in unrealized gain on investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Balance at end of the year	\$ 1,917,883	\$ 2,650,196	\$ 732,313
Balance at beginning of the year	2,813,888	3,546,903	<u>733,015</u>
Net change in unrealized gain			<u>\$ (702)</u>

At September 30, 2024, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash held for investment	\$ 185,943	\$ 185,943	\$ -
Equities and fixed income	<u>2,627,945</u>	<u>3,360,960</u>	<u>733,015</u>
Total	<u>\$ 2,813,888</u>	<u>\$ 3,546,903</u>	<u>\$ 733,015</u>

The following summarizes the net change in unrealized gain on investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Balance at end of the year	\$ 2,813,888	\$ 3,546,903	\$ 733,015
Balance at beginning of the year	3,532,552	3,535,594	<u>3,042</u>
Net change in unrealized gain			<u>\$ 729,973</u>

Investment income consisted of the following at September 30,

	<u>2025</u>	<u>2024</u>
Unrealized gains (loss)	\$ (702)	\$ 717,250
Change in value of beneficial interest	5,944	12,723
Interest and dividends	114,551	88,016
Net realized gains	284,456	116,671
Net investment fees	<u>(54,544)</u>	<u>(21,131)</u>
	<u>\$ 349,705</u>	<u>\$ 913,529</u>

The following tables present assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level in which the fair value measurements fall at year end.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

At September 30, 2025, assets and liabilities are recognized as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash held for investment	\$ 91,645	\$ -	\$ -	\$ 91,645
Equities	2,556,440	-	-	2,556,440
Fixed Income	<u>2,111</u>	<u>-</u>	<u>-</u>	<u>2,111</u>
Total	2,558,551	-	-	2,558,551
Other	<u>-</u>	<u>103,247</u>	<u>-</u>	<u>103,247</u>
Total assets measured at fair value	<u>\$ 2,650,196</u>	<u>\$ 103,247</u>	<u>\$ -</u>	<u>\$ 2,753,443</u>

At September 30, 2024, assets and liabilities are recognized as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash held for investment	\$ 185,943	\$ -	\$ -	\$ 185,943
Equities	2,839,700	-	-	2,839,700
Fixed Income	<u>521,260</u>	<u>-</u>	<u>-</u>	<u>521,260</u>
Total	3,360,960	-	-	3,360,960
Other	<u>-</u>	<u>97,303</u>	<u>-</u>	<u>97,303</u>
Total assets measured at fair value	<u>\$ 3,546,903</u>	<u>\$ 97,303</u>	<u>\$ -</u>	<u>\$ 3,644,206</u>

Note 4 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION AND FAIR VALUE DISCLOSURES

The Council has established an agency endowment fund with the Community Foundation in Monterey County, for the benefit of the Council. The Council granted variance power to the Community Foundation, thus the Community Foundation has full authority and discretion as to the investment and reinvestment of the assets.

The following tables present the fair value of a beneficial interest in assets held at Community Foundation in Monterey County on the accompanying statements of financial position, as of September 30, by fair value hierarchy.

	<u>2025</u> <u>(Level 2)</u>	<u>2024</u> <u>(Level 2)</u>
Beneficial interest in assets held at the Community Foundation in Monterey County	\$ 103,247	\$ 97,303

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

Note 4 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION AND FAIR VALUE DISCLOSURES (continued)

In addition, the Council is designated as the beneficiary agency of the Frank F. and Zoe Ann Orr fund that was established at the Community Foundation of Santa Cruz County. During the year ended September 30, 2024, the Council received \$12,911 in payouts from this fund. A payout of \$12,784 was received during the year ended September 30, 2025. The Council does not have variance power thus this fund balance is not included in the accompanying financial statements.

The Council is also designated as the beneficiary agency of a fund that was established at the Community Foundation of San Benito County. During the year ended September 30, 2025, the Council received \$0 as a beneficiary payout and \$4,695 was received in 2024, the Council received no beneficiary payouts from this fund. Because the Council does not have variance power this fund balance is not included in the financial statements.

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 1,244,341	\$ 1,067,937
Buildings and improvements	2,856,228	2,744,619
Furniture and equipment	578,506	563,474
Vehicles	187,276	206,873
Leasehold improvements	58,359	58,359
Construction in progress	<u>1,415,726</u>	<u>11,675</u>
	6,340,436	4,652,937
Accumulated depreciation	<u>(3,005,593)</u>	<u>(2,787,021)</u>
	<u>\$ 3,334,843</u>	<u>\$ 1,865,916</u>

The council received an in-kind contribution during the year ending September 30, 2025, for the Watershed Project with a fair market value of \$1,358,000. The grant included materials and services for land improvements and was recorded as construction in progress, pending completion in 2026.

Note 6 - INCOME TAXES

The Council is exempt from federal and state taxes on income under Internal Revenue Code section 501(c)(3) and similar provisions of the California Revenue and Taxation Act.

The Council has adopted the provisions related to accounting for uncertainty in income taxes, which defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Council's management has considered its tax positions and believes that all of the positions taken by the Council in its federal and state tax returns are more likely than not to be sustained upon examination. The Council files tax returns in the U.S. federal and California jurisdictions. With few exceptions, the Council is no longer subject to federal and state tax examinations by tax authorities for years ended before September 30, 2021 and 2020, respectively.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 7 – ENDOWMENT FUNDS

The Council has an agency endowment fund at the Community Foundation of Monterey County. The fund is owned and administered by the Community Foundation and is 100% restricted by the Foundation. Under the terms of the agency endowment agreement, the Council receives either the net income or an annual payout from the agency endowment as determined by the Community Foundation.

During the years ended September 30, 2025 and 2024, endowment net asset activity consisted of the following:

Endowment net assets, September 30, 2023	\$ 84,580
Change in value of assets held	16,638
Distribution of assets	<u>(3,915)</u>
Endowment net assets, September 30, 2024	97,303
Change in value of assets held	9,767
Distribution of assets	<u>(3,823)</u>
 Endowment net assets, September 30, 2025	 <u><u>\$ 103,247</u></u>

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Council has interpreted the California adopted Universal Prudent Management of Institutional Funds 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 Council classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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. The donor-restricted endowments currently have no earnings other than value changes, so there are no unappropriated amounts included in net assets with donor restrictions.

The Council has not yet adopted investment and spending policies for endowment assets.

Note 8 – LINE OF CREDIT

The Council has an unsecured operating line of credit of \$500,000. The line of credit expires July 5, 2026. The Council had a balance outstanding of \$400,000 as of September 30, 2025, and no outstanding balance as of September 30, 2024. The interest rate as of September 30, 2025, was 8.50%.

Note 9 - RETIREMENT PLAN

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

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 9 - RETIREMENT PLAN (continued)

Net Plan assets decreased 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 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 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 made contributions into the plan of \$184,476 and \$184,476 during the years ended September 30, 2025 and 2024, respectively. These contributions represented approximately 0.70% of total contributions into the plan.

Note 10 - LEASES

At the inception or modification of a contract, the Council assesses whether the contract is, or contains, a lease. The assessment is based on (1) whether the contract involves the use of a distinct identified asset, (2) whether the Council obtains the right to substantially all the economic benefit from the use of the assets throughout the period, and (3) whether the Council has the right to direct the use of the asset.

The new accounting standard, described in Note 2, establishes a right-of-use (ROU) model requiring a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term of longer than 12 months. ROU assets represent the Council's right to use an underlying asset during the reasonably certain lease term, and lease liabilities represent its obligation to make lease payments arising from the lease. Leases are now classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets. Lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of all minimum lease payments over the term of the lease. The initial measurement of ROU assets also includes any prepaid lease payments and are reduced by any previously accrued deferred rent. Lease terms include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. For operating leases, lease expense is recognized on a straight line basis over the term of the lease. Management will periodically review the carrying value of ROU assets to determine whether impairment may exist.

The Council leases office space in Ventura, California under a non-cancelable operating lease which was payable in monthly installments of \$13,740, through September 30, 2025, increasing to \$14,428 per month, effective October 2025, terminating September 30, 2026. The recording of the lease resulted in a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of \$324,897 and \$324,897, respectively, as of September 30, 2024. The Council has elected to use their incremental borrowing rate of 3.787% as of September 30, 2024, to discount the lease payments. Subsequent to year-end, effective November 2025, the Council reduced the leased office space, resulting in monthly installments of \$7,695 (Note 16).

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

Note 10 – LEASES (continued)

The Council leases office space in San Luis Obispo, California under a non-cancelable operating lease which is payable in monthly installments of \$4,500, terminating May 31, 2026. The recording of the lease resulted in a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of \$105,277 and \$105,277, respectively, as of September 30, 2024. The Council elected to use their incremental borrowing rate of 3.787% as of May 31, 2024, to discount the lease payments.

The Organization recognized \$215,087 of amortization on the operating lease right-of-use assets, as well as \$11,354 of interest on operating lease liabilities for the year ended September 30, 2025. Additionally, \$207,503 of operating cash outflows was related to principal payments on operating lease liabilities. The weighted average remaining lease term of operating leases as of September 30, 2025, is one year, and the discount rate used was 3.787%.

Future obligations to pay under the operating lease agreements for the years ending September 30 are as follows:

2026	\$ 209,378
	<u>209,378</u>
Interest	<u>(3,864)</u>
Total	<u>\$ 205,514</u>

The Council entered a one-year non-cancelable operating lease in Thousand Oaks, CA, beginning January 13, 2025. Monthly lease payments are \$3,000. The lease expires January 31, 2026.

The Council entered a one-year non-cancelable operating lease in Santa Barbara, CA, beginning April 1, 2025. Monthly lease payments are \$2,310. The lease expires March 31, 2026.

The Council entered a one-year non-cancelable operating lease in Oxnard, CA, beginning July 1, 2025. Monthly lease payments are \$2,100. The lease expires June 30, 2026.

Note 11 – PROGRAM RELATED SALES

The gross revenue and expenses of the program related product and merchandise sales for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>			<u>2024</u>		
	Cookie sales	Nut sales	Merchandise sales	Cookie sales	Nut sales	Merchandise sales
Gross Revenue	\$ 5,578,849	\$493,458	\$ 266,647	\$ 6,553,596	\$615,032	\$ 201,828
Troop Proceeds	(1,250,677)	(119,302)	-	(1,420,225)	(122,183)	-
Direct Costs	<u>(1,443,540)</u>	<u>(221,807)</u>	<u>(130,288)</u>	<u>(1,588,537)</u>	<u>(277,771)</u>	<u>(103,230)</u>
Cookie, nut and merchandise sales, net	<u>\$ 2,884,632</u>	<u>\$ 152,349</u>	<u>\$ 136,359</u>	<u>\$ 3,544,834</u>	<u>\$ 215,078</u>	<u>\$ 98,598</u>

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

Note 12 - RELATED PARTY TRANSACTIONS

The Council is a member of GSUSA. The council purchases GSUSA branded merchandise offered for sale, branded merchandise offered as incentives for product program sales, software and technical services for the year ended September 30, 2025, and 2024. Payments totaled approximately \$168,313 and \$187,229 for the years ended September 30, 2025, and 2024, respectively. The Council collects membership fees on behalf of GSUSA from the Girl Scout troops. Total remittance to GSUSA of \$138,682 and \$57,970 were made for the years ended September 30, 2025, and 2024, respectively. No amounts were due to GSUSA for membership fees, on September 30, 2025 and 2024

Note 13 – CONCENTRATIONS AND RISKS

Concentrations

The Council generates revenue predominantly through Girl Scout Cookie sales. For the years ended September 30, 2025 and 2024, respectively, net cookie sales comprised 47% and 54% of the Council's revenue. In the event that cookie sales significantly decrease, operations could be affected.

Credit Risk

The Council maintains cash balances at banks insured by the Federal Deposit Insurance Corporation (FDIC). The Federal Deposit Insurance Corporation (FDIC) only insures the first \$250,000 of funds on deposit at any one institution. The Council had uninsured cash of approximately \$2,000 at September 30, 2025.

Note 14 - NET ASSETS

Net assets with donor restrictions consist of contributions that specify a particular use or the occurrence of a certain future event. Such contributions are recorded as net assets with donor restrictions until the purpose of the restrictions are met. When the purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Net assets with donor restrictions consisted of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Capital improvements	\$ -	\$ 33,951
Endowment	<u>103,247</u>	<u>97,303</u>
	<u>\$ 103,247</u>	<u>\$ 131,254</u>

Note 15 - LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

Note 15 – LIQUIDITY (continued)

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2025:

Current assets	
Cash and cash equivalents available within one year	\$ 433,884
Accounts and contributions receivable	<u>957,629</u>
Total Current Assets	<u>1,391,513</u>
Investments	2,753,443
Less investments unavailable for general expenditures within one year:	
Endowments and other funds subject to spending policy appropriations beyond one year:	
With donor restrictions	<u>(103,247)</u>
Total Investments	<u>2,650,196</u>
Current liabilities	<u>(1,216,461)</u>
Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2025	<u>\$ 2,825,248</u>

Note 16 – SUBSEQUENT EVENTS

On October 23, 2025, the National Board of Directors of Girl Scouts of the United States of America 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 or the purchase of annuity contracts. Monthly contributions are expected to continue until the settlement of all Plan liabilities.

Effective November 2025, the Council reduced the leased office space in Ventura, California, resulting in a reduction of the monthly installments to \$7,695. The lease terminates September 30, 2026.

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through March 20, 2026, the date the financial statements were available for issuance.