

**Girl Scouts of Minnesota and
Wisconsin River Valleys, Inc.
and Affiliate**

Consolidated Financial Statements

September 30, 2024 and 2023

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

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Independent Auditors' Report

To the Board of Directors of
Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Opinion

We have audited the consolidated financial statements of Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate (River Valleys), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of River Valleys as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of River Valleys and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about River Valleys' ability to continue as a going concern within one year after the date that the financial statements are approved and available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 River Valleys' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about River Valleys' 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.

Baker Tilly US, LLP

Minneapolis, Minnesota
February 11, 2025

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Consolidated Statements of Financial Position
September 30, 2024 and 2023

Assets	2024	2023
Current Assets		
Cash and cash equivalents	\$ 769,482	\$ 846,980
Cash held for troops and service units	5,790,000	5,310,000
Investments, current portion	2,037,782	1,644,409
Grants and pledges receivable, current portion, net	20,289	199,484
Other receivables, net	76,056	115,030
Inventories	294,275	380,082
Prepaid expenses and other	84,924	101,680
Total current assets	<u>9,072,808</u>	<u>8,597,665</u>
Long-Term Assets		
Investments, long-term portion	33,741,531	32,470,369
Community foundation holdings	366,094	314,409
Pledges receivable, long-term portion, net	617,314	629,275
Unemployment trust receivable	293,808	269,273
Land, buildings and equipment, net	13,686,117	14,017,364
Total long-term assets	<u>48,704,864</u>	<u>47,700,690</u>
Total assets	<u>\$ 57,777,672</u>	<u>\$ 56,298,355</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 393,713	\$ 675,900
Deferred revenue	434,013	441,837
Accrued expenses	670,770	633,670
Cash held for troops and service units	5,790,000	5,310,000
Total liabilities	<u>7,288,496</u>	<u>7,061,407</u>
Net Assets		
Without donor restrictions:		
Undesignated	10,351,985	11,479,075
Board designated, operating reserve	9,897,000	10,373,500
Board designated, land, buildings and equipment reserve	3,126,200	1,967,431
Board designated, expended on land, buildings and equipment	13,686,117	14,017,364
Board designated, property fund endowment	5,206,583	4,148,356
Board designated, endowment	2,113,980	1,776,814
Total without donor restrictions	<u>44,381,865</u>	<u>43,762,540</u>
With donor restrictions	<u>6,107,311</u>	<u>5,474,408</u>
Total net assets	<u>50,489,176</u>	<u>49,236,948</u>
Total liabilities and net assets	<u>\$ 57,777,672</u>	<u>\$ 56,298,355</u>

See notes to consolidated financial statements

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Consolidated Statement of Activities
Year Ended September 30, 2024
(With Comparative Totals for September 30, 2023)

	2024					2023 Total
	Without Donor Restrictions			With Donor Restrictions	Total	
	Operations	Board Designated Endowments	Total Without Donor Restrictions			
Support and Revenue						
Public support:						
Contributions and grants	\$ 872,424	\$ -	\$ 872,424	\$ 1,010,426	\$ 1,882,850	\$ 2,699,066
United Way	11,052	-	11,052	14,269	25,321	21,283
Total public support	883,476	-	883,476	1,024,695	1,908,171	2,720,349
Program and other revenue:						
Product program:						
Gross revenue	20,605,417	-	20,605,417	-	20,605,417	19,708,514
Less direct costs	(7,910,815)	-	(7,910,815)	-	(7,910,815)	(8,427,768)
Net product program	12,694,602	-	12,694,602	-	12,694,602	11,280,746
Sale of Girl Scout merchandise:						
Gross revenue	654,070	-	654,070	-	654,070	690,000
Less direct costs	(380,521)	-	(380,521)	-	(380,521)	(395,277)
Net sale of Girl Scout merchandise	273,549	-	273,549	-	273,549	294,723
Other:						
Program service fees	1,175,429	-	1,175,429	-	1,175,429	1,220,317
Miscellaneous	83,211	-	83,211	-	83,211	96,723
Total other	1,258,640	-	1,258,640	-	1,258,640	1,317,040
Total program and other revenue	14,226,791	-	14,226,791	-	14,226,791	12,892,509
Net assets released from restrictions	1,430,768	(200,985)	1,229,783	(1,229,783)	-	-
Total support and revenue	16,541,035	(200,985)	16,340,050	(205,088)	16,134,962	15,612,858
Expense						
Program services	15,474,120	-	15,474,120	-	15,474,120	14,838,179
Support services:						
Management and general	2,271,214	-	2,271,214	-	2,271,214	2,221,100
Fundraising	1,557,285	-	1,557,285	-	1,557,285	1,721,169
Total support services	3,828,499	-	3,828,499	-	3,828,499	3,942,269
Total expense	19,302,619	-	19,302,619	-	19,302,619	18,780,448
Support and Revenue In Deficit of Expenses Before Investment and Other Activity	(2,761,584)	(200,985)	(2,962,569)	(205,088)	(3,167,657)	(3,167,590)
Investment Activity, Realized						
Interest and dividends	667,744	111,978	779,722	80,525	860,247	830,843
Realized gain (loss) on sale of investments	434,415	274,937	709,352	192,057	901,409	(217,426)
Total investment activity, realized	1,102,159	386,915	1,489,074	272,582	1,761,656	613,417
Change in Net Assets Before Unrealized Investment Gains Activity	(1,659,425)	185,930	(1,473,495)	67,494	(1,406,001)	(2,554,173)
Investment Activity, Unrealized						
Change in value of community foundation holdings	-	46,904	46,904	4,782	51,686	23,730
Unrealized gain on investments	1,212,984	802,559	2,015,543	560,627	2,576,170	1,482,746
Total investment activity, unrealized	1,212,984	849,463	2,062,447	565,409	2,627,856	1,506,476
Change in Net Assets Before Other Activity	(446,441)	1,035,393	588,952	632,903	1,221,855	(1,047,697)
Other Activity						
Gain on disposal of land, buildings and equipment	30,373	-	30,373	-	30,373	428,538
Transfer to property fund endowmen ¹	(360,000)	360,000	-	-	-	-
Total other activity	(329,627)	360,000	30,373	-	30,373	428,538
Change in net assets	(776,068)	1,395,393	619,325	632,903	1,252,228	(619,159)
Net Assets, Beginning	37,837,370	5,925,170	43,762,540	5,474,408	49,236,948	49,856,107
Net Assets, Ending	\$ 37,061,302	\$ 7,320,563	\$ 44,381,865	\$ 6,107,311	\$ 50,489,176	\$ 49,236,948

See notes to consolidated financial statements

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

 Consolidated Statement of Activities
 Year Ended September 30, 2023

	2023				
	Without Donor Restrictions				Total
	Operations	Board Designated Endowments	Total Without Donor Restrictions	With Donor Restrictions	
Support and Revenue					
Public support:					
Contributions and grants	\$ 912,478	\$ -	\$ 912,478	\$ 1,786,588	\$ 2,699,066
United Way	10,793	-	10,793	10,490	21,283
Total public support	923,271	-	923,271	1,797,078	2,720,349
Program and other revenue:					
Product program					
Gross revenue	19,708,514	-	19,708,514	-	19,708,514
Less direct costs	(8,427,768)	-	(8,427,768)	-	(8,427,768)
Net product program	11,280,746	-	11,280,746	-	11,280,746
Sale of Girl Scout merchandise:					
Gross revenue	690,000	-	690,000	-	690,000
Less direct costs	(395,277)	-	(395,277)	-	(395,277)
Net sale of Girl Scout merchandise	294,723	-	294,723	-	294,723
Other:					
Program service fees	1,220,317	-	1,220,317	-	1,220,317
Miscellaneous	96,723	-	96,723	-	96,723
Total other	1,317,040	-	1,317,040	-	1,317,040
Total program and other revenue	12,892,509	-	12,892,509	-	12,892,509
Net assets released from restrictions	2,124,204	(186,147)	1,938,057	(1,938,057)	-
Total support and revenue	15,939,984	(186,147)	15,753,837	(140,979)	15,612,858
Expense					
Program services	14,838,179	-	14,838,179	-	14,838,179
Support services:					
Management and general	2,221,100	-	2,221,100	-	2,221,100
Fundraising	1,721,169	-	1,721,169	-	1,721,169
Total support services	3,942,269	-	3,942,269	-	3,942,269
Total expense	18,780,448	-	18,780,448	-	18,780,448
Support and Revenue In Deficit of Expenses Before Investment and Other Activity	(2,840,464)	(186,147)	(3,026,611)	(140,979)	(3,167,590)
Investment Activity, Realized					
Interest and dividends	635,828	111,040	746,868	83,975	830,843
Realized loss on sale of investments	(126,249)	(52,530)	(178,779)	(38,647)	(217,426)
Total investment activity, realized	509,579	58,510	568,089	45,328	613,417
Change in Net Assets Before Unrealized Investment Gains Activity	(2,330,885)	(127,637)	(2,458,522)	(95,651)	(2,554,173)
Investment Activity, Unrealized					
Change in value of community foundation holdings	-	22,614	22,614	1,116	23,730
Unrealized gain on investments	716,897	441,229	1,158,126	324,620	1,482,746
Total investment activity, unrealized	716,897	463,843	1,180,740	325,736	1,506,476
Change in Net Assets Before Other Activity	(1,613,988)	336,206	(1,277,782)	230,085	(1,047,697)
Other Activity					
Gain on disposal of land, buildings and equipment	428,538	-	428,538	-	428,538
Transfer to property fund endowment	(241,000)	241,000	-	-	-
Total other activity	187,538	241,000	428,538	-	428,538
Change in net assets	(1,426,450)	577,206	(849,244)	230,085	(619,159)
Net Assets, Beginning	39,263,820	5,347,964	44,611,784	5,244,323	49,856,107
Net Assets, Ending	\$ 37,837,370	\$ 5,925,170	\$ 43,762,540	\$ 5,474,408	\$ 49,236,948

See notes to consolidated financial statements

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

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

2024					
	Member Service and Program Delivery	Support Services			Total Expenses
		Management and General	Fund Development	Total Support Services	
Salaries and wages	\$ 7,542,044	\$ 1,201,301	\$ 810,139	\$ 2,011,440	\$ 9,553,484
Employee benefits	1,348,925	251,148	164,617	415,765	1,764,690
Payroll taxes	651,445	103,763	69,976	173,739	825,184
Personnel	9,542,414	1,556,212	1,044,732	2,600,944	12,143,358
Professional fees	324,863	359,548	225,119	584,667	909,530
Supplies	1,370,870	3,653	8,222	11,875	1,382,745
Telecommunications	200,628	12,021	6,857	18,878	219,506
Postage	211,124	1,277	9,014	10,291	221,415
Occupancy	767,878	24,207	17,549	41,756	809,634
Equipment	290,562	43,873	70,834	114,707	405,269
Printing and media	416,547	14,167	77,556	91,723	508,270
Transportation	189,860	17,707	13,556	31,263	221,123
Training and conferences	80,791	59,723	33,003	92,726	173,517
Financial assistance	200,444	-	-	-	200,444
Insurance	324,653	47,090	9,442	56,532	381,185
Other	286,394	87,611	17,428	105,039	391,433
Total expenses before depreciation	14,207,028	2,227,089	1,533,312	3,760,401	17,967,429
Depreciation	1,267,092	44,125	23,973	68,098	1,335,190
Total expenses	<u>\$ 15,474,120</u>	<u>\$ 2,271,214</u>	<u>\$ 1,557,285</u>	<u>\$ 3,828,499</u>	<u>\$ 19,302,619</u>
	<u>80.2%</u>	<u>11.7%</u>	<u>8.1%</u>	<u>19.8%</u>	<u>100.0%</u>
2023					
	Member Service and Program Delivery	Support Services			Total Expenses
		Management and General	Fund Development	Total Support Services	
Salaries and wages	\$ 6,858,322	\$ 989,024	\$ 950,744	\$ 1,939,768	\$ 8,798,090
Employee benefits	1,202,284	202,537	187,749	390,286	1,592,570
Payroll taxes	573,341	82,680	79,480	162,160	735,501
Personnel	8,633,947	1,274,241	1,217,973	2,492,214	11,126,161
Professional fees	365,512	442,143	91,397	533,540	899,052
Supplies	1,533,765	3,981	3,057	7,038	1,540,803
Telecommunications	189,887	10,443	11,510	21,953	211,840
Postage	221,339	3,147	9,399	12,546	233,885
Occupancy	1,016,133	25,731	26,187	51,918	1,068,051
Equipment	341,607	25,664	102,543	128,207	469,814
Printing and media	392,211	15,078	75,140	90,218	482,429
Transportation	188,650	21,554	11,170	32,724	221,374
Training and conferences	138,818	43,302	94,508	137,810	276,628
Financial assistance	201,031	-	-	-	201,031
Insurance	254,337	42,746	14,642	57,388	311,725
Other	167,248	280,642	27,212	307,854	475,102
Total expenses before depreciation	13,644,485	2,188,672	1,684,738	3,873,410	17,517,895
Depreciation	1,193,694	32,428	36,431	68,859	1,262,553
Total expenses	<u>\$ 14,838,179</u>	<u>\$ 2,221,100</u>	<u>\$ 1,721,169</u>	<u>\$ 3,942,269</u>	<u>\$ 18,780,448</u>
	<u>79.0%</u>	<u>11.8%</u>	<u>9.2%</u>	<u>21.0%</u>	<u>100.0%</u>

See notes to consolidated financial statements

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,252,228	\$ (619,159)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,335,190	1,262,553
Gain on disposal of land, buildings and equipment	(30,373)	(428,538)
Realized (gain) loss on sale of investments	(901,409)	217,426
Unrealized gain on investments	(2,576,170)	(1,482,746)
Investment earnings reinvested	(860,788)	(764,212)
Increase in community foundation holdings	(51,686)	(23,730)
Decrease (increase) in unemployment trust receivable	17,711	(6,860)
Contributions restricted for long-term investment	(18,224)	(8,102)
Decrease (increase) in operating assets:		
Grants and pledges receivable	191,156	(99,478)
Other receivables	38,974	1,339,695
Inventories	85,807	(28,421)
Prepaid expenses and other	16,756	34,632
Increase (decrease) in operating liabilities:		
Accounts payable	(147,715)	163,710
Deferred revenue	(7,824)	80,661
Accrued expenses	37,100	(25,402)
Net cash flows from operating activities	<u>(1,619,267)</u>	<u>(387,971)</u>
Cash Flows From Investing Activities		
Additions to land, buildings and equipment	(1,138,416)	(807,331)
Proceeds from disposals of land, buildings and equipment	30,373	447,295
Purchase of investments	(17,692,041)	(6,053,798)
Proceeds from sale and maturity of investments	<u>20,323,629</u>	<u>6,801,070</u>
Net cash flows from investing activities	<u>1,523,545</u>	<u>387,236</u>
Cash Flows From Financing Activities		
Contributions received restricted for long-term investment	18,224	8,102
Proceeds from borrowing from line of credit	3,500,000	3,500,000
Repayment of borrowing from line of credit	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Net cash flows from financing activities	<u>18,224</u>	<u>8,102</u>
Net change in cash and cash equivalents	(77,498)	7,367
Cash and Cash Equivalents, Beginning	<u>846,980</u>	<u>839,613</u>
Cash and Cash Equivalents, Ending	<u>\$ 769,482</u>	<u>\$ 846,980</u>
Noncash investing and financing activities		
Property, plant and equipment additions funded by accounts payable	\$ 60,735	\$ 195,207
Donated securities	163,819	31,833
	<u>\$ 224,554</u>	<u>\$ 227,040</u>

See notes to consolidated financial statements

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

1. Significant Accounting Policies

Nature of Activities and Principles of Consolidation

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc.'s (River Valleys) work is supported by 6,000 volunteers who deliver the Girl Scout Leadership Experience to over 16,600 girls in southern Minnesota, western Wisconsin, and one county in Iowa. Girl Scouts River Valleys is one of 111 Girl Scout councils that make up the national Girl Scout Movement, sharing the mission to build girls of courage, confidence, and character who make the world a better place.

The consolidated financial statements include the activities of St. Croix Valley Girl Scout Camps, Inc. (Camps), a nonprofit Wisconsin corporation whose sole purpose is to hold title to land used by River Valleys in Wisconsin. River Valleys appoints the Camps' Board of Directors. All significant intercompany balances and transactions have been eliminated in consolidation.

A summary of River Valleys' significant accounting policies follows:

Net Asset Classifications

For the purposes of financial reporting, River Valleys classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of River Valleys are classified in the accompanying consolidated financial statements and reported in the categories that follow:

Without Donor Restrictions - Net Assets Not Subject to Donor-Imposed Stipulations

- **Board Designated** - operating reserve - Girl Scouts of the USA recommends that each council maintain a six-to-twelve-month operating reserve for emergencies. The reserve for River Valleys is equal to approximately one-half of the annual budget.
- **Board Designated** - land, buildings and equipment reserve - Net assets reserved for normal, on-going, future fixed asset purchases, such as replacing vehicles and equipment and maintaining buildings.
- **Board Designated** - expended on land, buildings and equipment - Land, buildings and equipment (net book value) portion of without donor restricted funds.
- **Board Designated** - property fund endowment - Net proceeds from sales of the board designated assets held for sale. River Valleys' spending policy provides for a percentage of the rolling twelve quarter average of the endowment net assets to be used solely for the support, including operational expenses, renovation and upgrading costs of camp property and for programs carried out by River Valleys at camp. The property fund assets will not be used for any other general operating costs.
- **Board Designated** - endowment - Net assets designated by the Board of Directors to invest long-term with a spending policy that provides for a percentage of the rolling twelve quarter average of the endowment net assets to be used to fund current operations.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

The Board of Directors has established policies that affect the presentation of board designations on net assets without donor restrictions. The Board has delegated to management the authority to designate bequests and deferred gifts without donor restrictions received, to operations or the board designated endowment. The board designated endowment is included in Note 9.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by actions of River Valleys and/or the passage of time. In addition, some net assets are required by donors to be maintained in perpetuity. Accumulated earnings on the with donor restricted endowment net assets are included in net assets with donor restrictions and are released in accordance with the River Valleys' spending policy that provides for a percentage of the rolling twelve quarter average of the endowment net assets to be used for the purposes established by the donors' restrictions and to fund current operations.

Cash and Cash Equivalents

River Valleys considers all highly liquid investments, except for those designated for long-term investment, with a maturity of three months or less when purchased to be cash equivalents.

Cash Held for Troops and Service Units

River Valleys recognizes an asset and a liability for cash accounts maintained by the troops and service units. The accounts have been opened using River Valleys' tax identification number, but River Valleys does not have direct control over these accounts. Therefore, troop and service unit activity is not included in the consolidated statements of activities or the consolidated statements of cash flows.

Investments

Investments and other financial instruments are recorded at fair value on a recurring basis and are described in Note 3.

Other Receivables

Other receivables are stated at net realizable value. Prior to the adoption of Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments—Credit Losses (Topic 326)* on October 1, 2023, an allowance for bad debts was provided based on management's judgment considering historical information at the end of each year. An allowance for bad debts of \$49,000 was recorded as of September 30, 2023.

Beginning October 1, 2023, River Valleys recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on expectations as of the statement of financial position date. Receivables are written off when management determines that such receivables are deemed uncollectible. River Valleys pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the receivable will be measured individually by management. Management also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

River Valleys utilizes the loss rate method to determine lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on historical loss experience. In determining loss rates, management evaluates information related to its historical losses adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: past due receivables, customer creditworthiness, changes in the terms of receivables, and legal or regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, River Valleys considers current and forecasted direction of economic and business environments. Such forecasted information includes GDP growth, unemployment rates and interest rates amongst others.

An allowance for credit losses has been recorded in the amount of \$48,400 as of September 30, 2024. When collection efforts have been exhausted on outstanding receivables, the accounts are written off against the related allowance. Other receivables are considered delinquent if any portion of the receivable balance is outstanding for more than 90 days after the event date. Interest is not charged on delinquent receivables.

Inventories

Inventories consist of retail merchandise, valued at the lower of cost, on a first-in, first-out (FIFO) basis or market.

Impairment of Long-Lived Assets

River Valleys reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There have been no such losses for the years ended September 30, 2024 and 2023.

Community Foundation Holdings

River Valleys has funds held at the Minneapolis Foundation and the Saint Paul and Minnesota Foundation. As both the resource provider (the transferor of assets to the community foundations) and the beneficiary, River Valleys recognizes the funds held as long-term assets. The community foundations hold these assets in donor-advised funds with the income available for distribution to River Valleys subject to the respective Foundation's Board of Trustees approval.

Land, Buildings and Equipment, Net

Land, buildings and equipment are stated at cost at date of acquisition or fair market value at date of donation in the case of donated property. All acquisitions of property and equipment in excess of \$2,000 with a useful life of at least 2 years, and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line method over the estimated useful lives as follows: buildings 5 to 40 years; land improvements 10 to 40 years, equipment 3 to 15 years. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Deferred Revenue

Deferred revenue represents payments received for future camp use and programs.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements

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Revenue Recognition - Product Program and Merchandise Sales

Product program and merchandise sales revenue is recognized when River Valleys satisfies its performance obligation(s) by transferring the promised goods to its customers. Customers are deemed to be an individual responsible for accepting the product and merchandise, usually a troop leader, troop product program manager or other adult. A performance obligation is a promise in an agreement to transfer a distinct good to its customers. This transfer of control occurs at a point in time when the revenue is earned. The transaction price is allocated to each distinct performance obligation, however, substantially all of the transactions have only a single performance obligation.

River Valley's policy is to present taxes collected for merchandise sales from customers and remitted to governmental authorities on a net basis. River Valleys records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses. Financial assistance provided to Girl Scouts are recorded as a reduction from sale of Girl Scout merchandise at the time the revenue is recognized. Retail financial assistance totaled \$37,193 and \$35,247 for the years ended September 30, 2024 and 2023, respectively.

Revenue Recognition - Program Service Fees

River Valleys recognizes revenue from program service fees during the year in which the related services are provided to Girl Scouts. The performance obligation of delivering programming is simultaneously received and consumed by the Girl Scouts; therefore, the revenue is recognized when the program occurs. Contracts for program services are combined into a single portfolio of similar contracts. Payment for programs is required before the start of the program. All amounts received prior to the commencement of the program are deferred to the applicable period. Financial assistance provided to Girl Scouts are recorded as a reduction from program service fees at the time revenue is recognized. Financial assistance awarded for program service fees totaled \$209,808 and \$173,331 for the years ended September 30, 2024 and 2023, respectively.

Contributions

River Valleys reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. If there are no donor restrictions, gifts are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Management believes the contributions receivable are fully collectible. Contributions due in more than one year are discounted using a risk-free rate of return appropriate for the expected term of the promise to give. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not included as support until such time as the conditions are met.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumptions on estimation methods that are uncertain and, therefore, the estimates could differ from actual results.

River Valleys receives contributions and grants that are designated for specific troops, communities and areas. These pass-through contributions are recorded as agency transactions and not recorded in the consolidated statement of activities. Pass-through contributions and grants totaled \$59,409 and \$55,808 for the years ended September 30, 2024 and 2023, respectively.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements
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Losses and gains on the investments of a donor-restricted endowment fund are recorded in net assets with donor restrictions. Gains and losses on investments of endowment funds created by a board designation of funds without donor restrictions are classified as changes in net assets without donor restrictions.

Functional Allocation of Expense

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of River Valleys. These expenses include information technology, telecommunications, property related expense and depreciation. These expenses are allocated on estimates of time and effort spent. Salaries and related expenses are allocated based on employee's time spent on program or support activities or the best estimate of time spent.

Income Taxes

The Internal Revenue Service has determined that River Valleys and Camps are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. River Valleys and Camps are also exempt from state income taxes. However, any unrelated business income may be subject to taxation. River Valleys and Camps are not considered private foundations; contributions are considered tax deductible.

River Valleys and Camps follow the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by River Valleys and Camps for uncertain tax positions as of September 30, 2024 and 2023. River Valleys and Camps' tax returns are subject to review and examination by federal and state authorities.

Measure of Operations

In its consolidated statements of activities, River Valleys includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating activity consists primarily of investment activity, including interest and dividends, and net realized and unrealized gains and losses. It also includes other non-operating activity such as the change in community foundation holdings, gain or loss on disposal of land, buildings and equipment, and transfers of net assets to the board-designated property fund endowment.

Use of Estimates

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

Certain Risks and Uncertainties

River Valleys invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, custodial, credit and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements
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Concentrations

At times during the year, River Valleys may have cash and/or investments in excess of federally insured limits.

River Valleys purchases their cookie products from ABC Bakers, one of two Girl Scouts of the USA sanctioned bakers.

For the year ended September 30, 2023, 20% of contribution revenue, totaling \$552,837, was from one donor.

Reclassifications

Certain amounts appearing in the 2023 consolidated financial statements have been reclassified to conform with the 2024 presentation. The reclassifications have no effect on previously reported amounts of total net assets or change in total net assets.

New Accounting Pronouncement Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments—Credit Losses* (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. For financial instruments included in the scope, the CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at a time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On October 1, 2023, River Valleys adopted the ASU using the modified retrospective approach. The adoption of ASU No. 2016-13 had no material impact on the consolidated financial statements for the year ended September 30, 2024.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements
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2. Liquidity and Availability

The following table reflects River Valleys' financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include endowments and accumulated earnings restricted by donors or River Valleys' Board of Directors and assets held for or by others.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 769,482	\$ 846,980
Investment, current portion	2,037,782	1,644,409
Grants and pledges receivable, current portion	20,289	199,484
Other receivables, net	76,056	115,030
Investments, long-term portion	33,741,531	32,470,369
Community foundation holdings	366,094	314,409
Grants and pledges receivable, long-term portion, net	617,314	629,275
Unemployment trust receivable	293,808	269,273
	<u>37,922,356</u>	<u>36,489,229</u>
Financial assets at September 30		
Less those unavailable for general expenditure within one year:		
Grants and pledges receivable restricted by donor with time or purpose restrictions	(20,289)	(199,484)
Pledges receivable beyond one year	(617,314)	(629,275)
Endowment assets restricted by donors	(5,159,066)	(4,453,428)
Endowment assets designated by Board of Directors	(7,320,563)	(5,925,170)
Assets held in trust by others	(659,902)	(583,682)
	<u>(13,777,134)</u>	<u>(11,791,039)</u>
Financial assets not available for expenditure within one year		
Next fiscal year appropriation	375,480	360,636
	<u>375,480</u>	<u>360,636</u>
Financial assets available to meet cash needs for general purposes within one year	<u>\$ 24,520,702</u>	<u>\$ 25,063,826</u>

River Valleys' practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of 6 months of operating expense coverage at any point in time.

Cash in excess of daily requirements is typically invested in short-term, liquid securities. River Valleys also has a \$2,000,000 line of credit with Wells Fargo. See Note 7 for further line of credit details.

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements
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3. Fair Value Measurements and Investments

Investments are comprised of the following at September 30:

	<u>2024</u>	<u>2023</u>
Current investments:		
Savings account (cost)	\$ 2,020,552	\$ 1,627,179
Common stock (fair value)	17,230	17,230
Total investments (current)	<u>2,037,782</u>	<u>1,644,409</u>
Long-term investments:		
Money market and cash (cost)	8,027,119	786,472
Common stock (fair value)	6,044,672	1,808,772
Bonds (fair value)	8,215,076	6,234,981
Exchange traded funds (fair value)	6,037,704	10,215,573
Mutual funds (fair value)	5,234,401	13,424,571
Alternative investments (NAV)	182,559	-
Total investments (long term)	<u>33,741,531</u>	<u>32,470,369</u>
Total investments	<u>\$ 35,779,313</u>	<u>\$ 34,114,778</u>
Total investments:		
Investments at cost	\$ 10,047,671	\$ 2,413,651
Investments at fair value	25,549,083	31,701,127
Investments at net asset value (NAV)	182,559	-
Total investments	<u>\$ 35,779,313</u>	<u>\$ 34,114,778</u>

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include the reporting entity's own data.

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Notes to Consolidated Financial Statements

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Valuation Techniques and Inputs

Level 1 assets include common stocks, municipal bonds, government securities, exchange traded funds and mutual funds for which quoted prices are readily available.

Level 2 assets include corporate bonds for which quoted prices are not readily available. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Level 3 assets include community foundation holdings for which the fair values are based on unobservable inputs (entity specific estimates of cash flows). Since River Valleys has an irrevocable right to receive the income earned from the community foundation holdings, the fair value of River Valleys' interest is estimated to approximate fair value of the trust's assets.

There have been no changes in the techniques and inputs used as of September 30, 2024 and 2023.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While River Valleys believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables summarize financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of September 30, 2024 and 2023:

	2024			
	Market Value Total	Level 1	Level 2	Level 3
Assets:				
Common stock	\$ 6,061,902	\$ 6,061,902	\$ -	\$ -
Municipal bonds	1,218,724	1,218,724	-	-
Government securities	4,569,595	4,569,595	-	-
Corporate bonds	2,426,757	-	2,426,757	-
Exchange traded funds, U.S. equities	6,037,704	6,037,704	-	-
Mutual funds, equities	1,134,921	1,134,921	-	-
Mutual funds, U.S. fixed income	4,099,480	4,099,480	-	-
Total investments	25,549,083	23,122,326	2,426,757	-
Community foundation holdings	366,094	-	-	366,094
Total	25,915,177	<u>\$ 23,122,326</u>	<u>\$ 2,426,757</u>	<u>\$ 366,094</u>
Investments measured using NAV:				
Private equity fund	182,559			
Total assets	<u>\$ 26,097,736</u>			

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Notes to Consolidated Financial Statements

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	2023			
	Market Value Total	Level 1	Level 2	Level 3
Assets:				
Common stock	\$ 1,826,002	\$ 1,826,002	\$ -	\$ -
Municipal bonds	698,947	698,947	-	-
Government securities	3,782,308	3,782,308	-	-
Corporate bonds	1,753,726	-	1,753,726	-
Exchange traded funds, U.S. equities	7,462,138	7,462,138	-	-
Exchange traded funds, U.S. fixed income	2,753,435	2,753,435	-	-
Mutual funds, equities	1,178,028	1,178,028	-	-
Mutual funds, cash	11,001,500	11,001,500	-	-
Mutual funds, U.S. fixed income	1,245,043	1,245,043	-	-
Total investments	31,701,127	29,947,401	1,753,726	-
Community foundation holdings	314,409	-	-	314,409
Total assets	<u>\$ 32,015,536</u>	<u>\$ 29,947,401</u>	<u>\$ 1,753,726</u>	<u>\$ 314,409</u>

During the years ended September 30, 2024 and 2023, there were \$1,009 and \$1,071 in purchases, respectively, and \$5,438 and \$5,255 in sales, respectively, in community foundation holdings, which are included in Level 3 assets above.

Alternative Investments

The estimated value of certain alternative investments was provided by the respective company and independent appraisal. River Valleys used the net asset value (or its equivalent) reported by the underlying fund as a practical expedient to estimate the fair value of the investment. Below is a summary of investments accounted for at net asset value as of September 30, 2024 and 2023:

	2024 Net Asset Value	2023 Net Asset Value	2024 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity fund	\$ 182,559	\$ -	\$ 229,225	N/A	N/A

Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of River Valleys' interests in the fund. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if River Valleys were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value and the discount could be significant.

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Notes to Consolidated Financial Statements
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4. Grants and Pledges Receivable, Net

Grants and pledges receivable at September 30, 2024 and 2023 are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 21,070	\$ 200,265
One to five years	648,180	660,740
	<hr/>	<hr/>
Gross grants and pledges receivable	669,250	861,005
Less discount to net present value	(30,866)	(31,465)
Less allowance for uncollectible pledges	(781)	(781)
	<hr/>	<hr/>
Net grants and pledges receivable	<u>\$ 637,603</u>	<u>\$ 828,759</u>

Promises due in one to five years were discounted using an interest rate of 5%. Promises due in less than one year were not discounted. One donor's planned giving commitment makes up 97% of the outstanding balance at September 30, 2024. One donor's planned giving commitment and one grant receivable makes up 91% of the outstanding balance at September 30, 2023.

5. Employee Retention Credit

River Valleys qualified for the Employee Retention Credit (ERC) established under the Coronavirus Aid, Relief and Economic Security (CARES) Act, and claimed credits of \$2,380,371 on timely filed form 941s relating to the 2020 ERC credit and the 2021 ERC credit. The credits were recognized as revenue during the fiscal year ended September 30, 2021. The funds were received in fiscal years ending September 30, 2022 and 2023.

Laws and regulations concerning government programs including ERC are complex and subject to varying interpretations. 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 River Valley's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon River Valleys.

6. Land, Buildings and Equipment, Net

Land, buildings and equipment consisted of the following at September 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 3,904,492	\$ 3,818,899
Buildings and improvements	25,639,143	25,041,046
Equipment	2,976,144	2,837,483
Computers and software	1,411,772	1,211,995
Transportation equipment	684,622	684,622
Construction in progress	147,545	173,829
	<hr/>	<hr/>
	34,763,718	33,767,874
Less accumulated depreciation	(21,077,601)	(19,750,510)
	<hr/>	<hr/>
	<u>\$ 13,686,117</u>	<u>\$ 14,017,364</u>

Girl Scouts of Minnesota and Wisconsin River Valleys, Inc. and Affiliate

Notes to Consolidated Financial Statements
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Construction in progress at September 30, 2024 consists of improvements at the St. Paul Service Center and various projects at Camps Edith Mayo, Elk River, Lakamaga and Northwoods, and are expected to be completed in fiscal year 2025. Construction in progress at September 30, 2023 consists of information services projects, improvements at the Brooklyn Center and St. Paul Service Centers and various projects at Camps Edith Mayo, Lakamaga, Northwoods and Singing Hills, and were completed in fiscal year 2024. The projects were funded from donor gifts, general operations and board approved transfers from the board designated - property fund endowment.

7. Line of Credit

River Valleys has \$2,000,000 available under a line of credit which expires July 10, 2025. The interest rate is equal to Prime less .5%, with a minimum rate of 3.5%. The effective rate was 7.5% and 8% at September 30, 2024 and 2023, respectively. During February through April of each year, the maximum available under the line of credit increases to \$4,000,000. There was no outstanding balance on the line of credit as of September 30, 2024 and 2023. The line of credit is secured by all inventory, equipment and fixtures. Interest expense was \$20,222 and \$25,399 for the years ending September 30, 2024 and 2023, respectively.

8. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions were available for the following purposes at September 30:

	<u>2024</u>	<u>2023</u>
Programs	\$ 194,989	\$ 328,145
Time restricted	753,256	692,835
Endowment	5,159,066	4,453,428
Total	<u>\$ 6,107,311</u>	<u>\$ 5,474,408</u>

Net assets were released from restriction during the year ending September 30 for the following reasons:

	<u>2024</u>	<u>2023</u>
Programs	\$ 871,868	\$ 1,297,494
Time restrictions met	357,915	640,563
Total	<u>\$ 1,229,783</u>	<u>\$ 1,938,057</u>

9. Endowment

River Valleys' endowment consists of 14 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by accounting standards, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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Notes to Consolidated Financial Statements
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Interpretation of Relevant Law

The Board of Directors of River Valleys has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Minnesota 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, River Valleys classifies as net assets with donor restrictions (a) the original value of the gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated earning on donor restricted funds held in perpetuity are recorded as net assets with donor restrictions until appropriated for expenditure by River Valleys in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, River Valleys considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund consisted of the following as of September 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 5,159,066	\$ 5,159,066
Board designated endowment funds	7,320,563	-	7,320,563
Total endowment net assets	<u>\$ 7,320,563</u>	<u>\$ 5,159,066</u>	<u>\$ 12,479,629</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 4,453,428	\$ 4,453,428
Board designated endowment funds	5,925,170	-	5,925,170
Total endowment net assets	<u>\$ 5,925,170</u>	<u>\$ 4,453,428</u>	<u>\$ 10,378,598</u>

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Changes in endowment net assets for the years ended September 30, 2024 and 2023 were as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2023	\$ 5,925,170	\$ 4,453,428	\$ 10,378,598
Investment return:			
Investment income	111,978	80,525	192,503
Net appreciation, realized and unrealized	1,077,496	752,684	1,830,180
Change in value of community foundation holdings	46,904	4,782	51,686
Total investment return	1,236,378	837,991	2,074,369
Contributions	-	18,224	18,224
Board approved transfer	360,000	-	360,000
Appropriation of endowment assets for expenditure	(200,985)	(150,577)	(351,562)
Endowment net assets, September 30, 2024	<u>\$ 7,320,563</u>	<u>\$ 5,159,066</u>	<u>\$ 12,479,629</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2022	\$ 5,347,964	\$ 4,225,282	\$ 9,573,246
Investment return:			
Investment income	111,040	83,975	195,015
Net appreciation, realized and unrealized	388,699	285,973	674,672
Change in value of community foundation holdings	22,614	1,116	23,730
Total investment return	522,353	371,064	893,417
Contributions	-	8,102	8,102
Board approved transfer	241,000	-	241,000
Appropriation of endowment assets for expenditure	(186,147)	(151,020)	(337,167)
Endowment net assets, September 30, 2023	<u>\$ 5,925,170</u>	<u>\$ 4,453,428</u>	<u>\$ 10,378,598</u>

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires River Valleys to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new donor restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Directors. There were no deficiencies of this nature reported in net assets with donor restrictions as of September 30, 2024 and 2023.

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Return Objectives and Risk Parameters

River Valleys has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that River Valleys must hold in perpetuity or for a donor specified period(s) as well as board-designated funds. The policy identifies asset allocations and performance objectives, including the appropriate return benchmarks, for the growth of principal over a seven-year time horizon, while avoiding excessive risk. Short-term volatility is tolerated in as much as it is consistent with the volatility of the established benchmarks. Actual returns vary in any given year and the spend rate is determined annually by the board.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

For the years ending September 30, 2024 and 2023, River Valleys appropriated for distribution 3.5% of the three-year average market value of investments, as measured by twelve rolling quarter ends. The spending policy states the spend rate applied to endowment funds is to be determined annually by River Valleys' staff, reviewed by the Investment Subcommittee and Finance Committee and approved by the Board of Directors. In establishing this policy, River Valleys considered the long-term expected return on its endowment. Accordingly, over the long term, River Valleys expects the current spending policy to stabilize annual spending levels and to preserve the real value of the endowment principal. This is consistent with River Valleys' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

10. Operating Leases

River Valleys leases space in Mankato, Minnesota, under a lease agreement that ends in September 2027. As of September 30, 2024, monthly payments for the leased space are \$2,031. In addition, River Valleys leases office equipment with monthly payments that total \$1,825, under lease agreements in place through November 2028. Total lease expense for the periods ending September 30, 2024 and 2023 was \$59,585 and \$58,046, respectively.

The following is a schedule of the aggregate future minimum lease payments:

Years Ending September 30:		
2025	\$	46,268
2026		46,112
2027		26,316
2028		2,520
2029		210
		<hr/>
Total	\$	<u>121,426</u>

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Notes to Consolidated Financial Statements
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11. Contributed Services and Materials

River Valleys records various types of in-kind donations, including certain professional services and materials, as contribution revenue on the consolidated statements of activities. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind donations are offset by like amounts included in expenses and land, buildings and equipment. During 2024 and 2023, River Valleys recognized \$9,007 and \$85,062 respectively, of in-kind donations.

Additionally, 6,000 volunteers donated time to provide program services for River Valleys in both years, which is not recognized in the financial statements since the services do not typically meet accounting standard requirements for recording such contributions.

12. Employee Retirement Plans

River Valleys has two frozen noncontributory retirement plans, of which one was terminated in the year ended September 30, 2019, and one active retirement savings plan for the benefit of its employees.

National Girl Scout Council Retirement Plan

River Valleys participates in the National Girl Scout Council Retirement Plan (NGSCR, the Plan), 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 prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

River Valleys made contributions into the Plan of \$355,307 and \$374,814 during the years ended September 30, 2024 and 2023, respectively. These contributions represented 1.3% and 1.4% of total contributions into the Plan during the years ended September 30, 2024 and 2023, respectively.

Net Plan assets increased during the year but are less than the actuarial present value of accumulated Plan benefits as of January 1, 2024. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of Girl Scouts of the USA approved to lower the contributions from \$30 million to \$26 million starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal years 2023 and 2024 were \$27.5 million and \$27.4 million, respectively. Aggregate contributions to be made in fiscal 2025 are expected to be \$26 million.

Twin Cities Nonprofit Partners Pension Plan

In September 2019, River Valleys along with the 15 other participants of the Twin Cities Nonprofit Partners Pension Plan terminated this multiemployer defined benefit pension plan. The termination required agencies to pay their portion of the unfunded liability to provide vested participants either a lump sum distribution or a fully funded annuity contract.

Since this was a multiemployer plan, all participating agencies were required to provide an incremental debt guarantee for the agencies that used bank financing to fund their portion of the unfunded liability to terminate the plan. River Valleys' debt guarantee is \$61,192 and will remain in place until the debt is fully paid.

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403(b) Thrift Plan

River Valleys provides a 403(b) Thrift Plan for the benefit of employees with a match for employees with two months or more of service. Participant contributions up to 8% of qualifying salary and wages are benefited by a 50% match from River Valleys. The plan also includes a discretionary employer contribution. No discretionary employer contribution was made for the years ending September 30, 2024 and 2023. Employer matching contributions to the plan totaled \$211,153 and \$207,113 for the years ended September 30, 2024 and 2023, respectively.

13. Related-Party Transactions

Dues collected by River Valleys from its members are transmitted directly to its national organization, Girl Scouts of the USA. River Valleys does not share any of its public support and revenue with the national organization. River Valleys purchases various inventory products and software licenses from the Girl Scouts of the USA. During the years ended September 30, 2024 and 2023, purchases from the national organization totaled \$292,100 and \$436,183, respectively.

14. Subsequent Events

River Valleys has evaluated subsequent events through February 11, 2025, which is the date that the financial statements were approved and available to be issued.