

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

Consolidated Financial Statements

September 30, 2025

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 statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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 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 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 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.



Minneapolis, Minnesota
January 22, 2026

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

Consolidated Statement of Financial Position

September 30, 2025

2025

Assets

Current Assets

Cash and cash equivalents	\$ 649,902
Investments, current portion	2,877,500
Pledges receivable, current portion, net	5,930
Other receivables, net	75,778
Inventories	240,446
Prepaid expenses and other	94,375
Total current assets	3,943,931

Long-Term Assets

Investments, long-term portion	31,149,867
Community foundation holdings	389,532
Pledges receivable, long-term portion, net	617,314
Unemployment trust receivable	238,400
Land, buildings and equipment, net	13,453,694
Total long-term assets	45,848,807
Total assets	\$ 49,792,738

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 354,052
Deferred revenue	441,815
Accrued expenses	677,111
Total liabilities	1,472,978

Net Assets

Without donor restrictions:	
Undesignated	7,933,435
Investment in land, buildings and equipment	13,453,694
Board designated, operating reserve	9,140,000
Board designated, land, buildings and equipment reserve	3,484,800
Board designated, property fund endowment	5,618,241
Board designated, endowment	2,250,862
Total without donor restrictions	41,881,032
With donor restrictions	6,438,728
Total net assets	48,319,760
Total liabilities and net assets	\$ 49,792,738

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, 2025

	2025				
	Without Donor Restrictions				
	Operations	Board Designated Endowments	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue					
Public support:					
Contributions and grants	\$ 831,418	\$ -	\$ 831,418	\$ 999,537	\$ 1,830,955
United Way	10,217	-	10,217	11,367	21,584
Total public support	841,635	-	841,635	1,010,904	1,852,539
Program and other revenue:					
Product program					
Gross revenue	18,267,972	-	18,267,972	-	18,267,972
Less direct costs	(7,101,073)	-	(7,101,073)	-	(7,101,073)
Net product program	11,166,899	-	11,166,899	-	11,166,899
Sale of Girl Scout merchandise:					
Gross revenue	592,095	-	592,095	-	592,095
Less direct costs	(325,314)	-	(325,314)	-	(325,314)
Net sale of Girl Scout merchandise	266,781	-	266,781	-	266,781
Other:					
Program service fees	1,081,491	-	1,081,491	-	1,081,491
Miscellaneous	100,139	-	100,139	-	100,139
Total other	1,181,630	-	1,181,630	-	1,181,630
Total program and other revenue	12,615,310	-	12,615,310	-	12,615,310
Net assets released from restrictions	1,313,202	(217,320)	1,095,882	(1,095,882)	-
Total support and revenue	14,770,147	(217,320)	14,552,827	(84,978)	14,467,849
Expense					
Program services	15,392,386	-	15,392,386	-	15,392,386
Support services:					
Management and general	2,406,259	-	2,406,259	-	2,406,259
Fundraising	1,417,305	-	1,417,305	-	1,417,305
Total support services	3,823,564	-	3,823,564	-	3,823,564
Total expense	19,215,950	-	19,215,950	-	19,215,950
Support and Revenue In Deficit of Expenses Before Investment and Other Activity					
	(4,445,803)	(217,320)	(4,663,123)	(84,978)	(4,748,101)
Investment Activity, Realized					
Interest and dividends, net	521,106	112,254	633,360	76,029	709,389
Realized gain on sale of investments	72,243	29,888	102,131	19,572	121,703
Total investment activity, realized	593,349	142,142	735,491	95,601	831,092
Change in Net Assets Before Unrealized Investment Activity					
	(3,852,454)	(75,178)	(3,927,632)	10,623	(3,917,009)
Investment Activity, Unrealized					
Change in value of community foundation holdings	-	21,998	21,998	1,440	23,438
Unrealized gain on investments	683,887	486,335	1,170,222	319,354	1,489,576
Total investment activity, unrealized	683,887	508,333	1,192,220	320,794	1,513,014
Change in Net Assets Before Other Activity					
	(3,168,567)	433,155	(2,735,412)	331,417	(2,403,995)
Other Activity					
Gain on disposal of land, buildings and equipment	234,579	-	234,579	-	234,579
Transfer to property fund endowment	(115,385)	115,385	-	-	-
Total other activity	119,194	115,385	234,579	-	234,579
Change in net assets	(3,049,373)	548,540	(2,500,833)	331,417	(2,169,416)
Net Assets, Beginning	<u>37,061,302</u>	<u>7,320,563</u>	<u>44,381,865</u>	<u>6,107,311</u>	<u>50,489,176</u>
Net Assets, Ending	<u>\$ 34,011,929</u>	<u>\$ 7,869,103</u>	<u>\$ 41,881,032</u>	<u>\$ 6,438,728</u>	<u>\$ 48,319,760</u>

See notes to consolidated financial statements

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

Consolidated Statement of Functional Expenses

Year Ended September 30, 2025

	2025				
	Support Services				
	Member Service and Program Delivery	Management and General	Fund Development	Total Support Services	Total Expenses
Salaries and wages	\$ 7,215,053	\$ 1,174,759	\$ 666,847	\$ 1,841,606	\$ 9,056,659
Employee benefits	1,447,629	270,055	150,624	420,679	1,868,308
Payroll taxes	677,267	110,273	62,596	172,869	850,136
Personnel	9,339,949	1,555,087	880,067	2,435,154	11,775,103
Professional fees	419,745	546,847	240,581	787,428	1,207,173
Supplies	1,433,971	3,493	4,054	7,547	1,441,518
Telecommunications	187,032	10,630	6,490	17,120	204,152
Postage	163,270	2,220	3,528	5,748	169,018
Occupancy	827,324	25,171	23,713	48,884	876,208
Equipment	304,766	41,746	77,574	119,320	424,086
Printing and media	300,526	7,922	44,736	52,658	353,184
Transportation	150,624	12,901	8,843	21,744	172,368
Training and conferences	43,780	54,824	58,763	113,587	157,367
Financial assistance	318,676	-	-	-	318,676
Insurance	393,093	51,753	15,206	66,959	460,052
Other	228,194	48,091	22,316	70,407	298,601
Total expenses before depreciation	14,110,950	2,360,685	1,385,871	3,746,556	17,857,506
Depreciation	1,281,436	45,574	31,434	77,008	1,358,444
Total expenses	\$ 15,392,386	\$ 2,406,259	\$ 1,417,305	\$ 3,823,564	\$ 19,215,950
	80.1%	12.5%	7.4%	19.9%	100.0%

See notes to consolidated financial statements

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

Consolidated Statement of Cash Flows

Year Ended September 30, 2025

	<u>2025</u>
Cash Flows From Operating Activities	
Change in net assets	\$ (2,169,416)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	1,358,444
Gain on disposal of land, buildings and equipment	(234,579)
Realized gain on sale of investments	(121,703)
Unrealized gain on investments	(1,489,576)
Investment earnings reinvested	(706,907)
Increase in community foundation holdings	(23,438)
Contributions restricted for long-term investment	(39,619)
Decrease (increase) in operating assets:	
Pledges receivable	14,359
Other receivables	278
Inventories	53,829
Prepaid expenses and other	(9,451)
Decrease in unemployment trust receivable	80,849
Increase (decrease) in operating liabilities:	
Accounts payable	(54,283)
Deferred revenue	7,802
Accrued expenses	6,341
Net cash flows from operating activities	<u>(3,327,070)</u>
Cash Flows From Investing Activities	
Additions to land, buildings and equipment	(1,114,320)
Proceeds from disposals of land, buildings and equipment	237,500
Purchase of investments	(7,895,364)
Proceeds from sale and maturity of investments	<u>11,940,055</u>
Net cash flows from investing activities	<u>3,167,871</u>
Cash Flows From Financing Activities	
Contributions received, restricted for long-term investment	39,619
Proceeds from borrowing from line of credit	2,000,000
Repayment of borrowing from line of credit	<u>(2,000,000)</u>
Net cash flows from financing activities	<u>39,619</u>
Net change in cash and cash equivalents	(119,580)
Cash and Cash Equivalents, Beginning	<u>769,482</u>
Cash and Cash Equivalents, Ending	<u>\$ 649,902</u>
Noncash investing and financing activities:	
Property, plant and equipment additions funded by accounts payable	\$ 75,357
Donated securities	9,706

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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 almost 15,400 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 Wisconsin nonprofit 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 without donor restrictions are not subject to donor-imposed stipulations and are available for general operations and to further the primary objectives of River Valleys at the discretion of management and the Board of Directors. The Board of Directors has designated a portion of these net assets for specific internal purposes.

- *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 - 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.

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 8.

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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 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.

Troop and Subordinate Unit Bank Accounts

Girl Scout troops and subordinate units establish bank accounts under River Valleys' tax identification number. All troop and subordinate unit accounts are maintained for the benefit of the girls within the respective subordinate unit. These funds are not under the direct control of River Valleys and have been appropriately excluded from the consolidated financial statements. If a subordinate unit becomes inactive, any funds remaining in the account are to be surrendered to River Valleys.

Investments

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

Other Receivables, Net

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 date of the consolidated financial statements. 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 consolidated 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.

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 \$23,100 as of September 30, 2025. 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.

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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 year ended September 30, 2025.

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 when performance obligations have been satisfied. Amounts deferred in the consolidated statement of financial position at September 30, 2025 are generally recognized as revenue in the following year.

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 \$31,124 for the year ended September 30, 2025.

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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 \$204,114 for the year ended September 30, 2025.

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 \$58,264 for the year ended September 30, 2025.

Gains and losses 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.

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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, 2025. River Valleys and Camps' tax returns are subject to review and examination by federal and state authorities.

Measure of Operations

In its consolidated statement 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.

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.

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.

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2. Liquidity and Availability

The following table reflects River Valleys' financial assets as of September 30, 2025, 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>2025</u>
Financial assets:	
Cash and cash equivalents	\$ 649,902
Investment, current portion	2,877,500
Pledges receivable, current portion	5,930
Other receivables, net	75,778
Investments, long-term portion	31,149,867
Community foundation holdings	389,532
Pledges receivable, long-term portion, net	617,314
Unemployment trust receivable	<u>238,400</u>
Financial assets at September 30	36,004,223
Less those unavailable for general expenditure within one year:	
Pledges receivable restricted by donor with time or purpose restrictions	(5,930)
Pledges receivable beyond one year	(617,314)
Endowment assets restricted by donors	(5,461,155)
Endowment assets designated by Board of Directors	(7,869,103)
Land, building, and equipment reserve designated by Board of Directors	(3,484,800)
Assets held in trust by others	<u>(627,932)</u>
Financial assets not available for expenditure within one year	(18,066,234)
Next fiscal year appropriation	<u>534,282</u>
Financial assets available to meet cash needs for general purposes within one year	<u>\$ 18,472,271</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. The designation for the land, buildings and equipment reserve could be removed by approval of the Board, at which time these assets would also be available to cover operating expenses within one year.

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 6 for further line of credit details.

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3. Fair Value Measurements and Investments

Investments are comprised of the following at September 30:

	2025
Current investments:	
Savings account (cost)	\$ 2,860,269
Common stock (fair value)	<u>17,230</u>
Total investments (current)	<u>2,877,500</u>
Long-term investments:	
Money market and cash (cost)	824,405
Common stock (fair value)	6,526,489
Bonds (fair value)	8,429,814
Exchange traded funds (fair value)	7,020,178
Mutual funds (fair value)	7,186,962
Alternative investments (NAV)	<u>1,162,020</u>
Total investments (long term)	<u>31,149,867</u>
Total investments	<u>\$ 34,027,367</u>
Total investments:	
Investments at cost	\$ 3,684,674
Investments at fair value	29,180,673
Investments at net asset value (NAV)	<u>1,162,020</u>
Total investments	<u>\$ 34,027,367</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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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, 2025.

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, 2025:

	2025			
	Market Value Total	Level 1	Level 2	Level 3
Assets:				
Common stock	\$ 6,543,719	\$ 6,543,719	\$ -	\$ -
Municipal bonds	1,193,545	1,193,545	-	-
Government securities	4,589,665	4,589,665	-	-
Corporate bonds	2,646,605	-	2,646,605	-
Exchange traded funds, U.S. equities	7,020,178	7,020,178	-	-
Mutual funds, equities	1,242,461	1,242,461	-	-
Mutual funds, U.S. fixed income	5,944,500	5,944,500	-	-
Total investments	29,180,673	26,534,068	2,646,605	-
Community foundation holdings	389,532	-	-	389,532
Total	29,570,205	\$ 26,534,068	\$ 2,646,605	\$ 389,532
Investments measured using NAV:				
Private equity fund	1,162,020			
Total assets	\$ 30,732,225			

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During the year ended September 30, 2025, there were \$1,046 in purchases, and \$5,602 in sales, in community foundation holdings, which are included in Level 3 assets above.

Alternative Investments

Alternative investments are measured at fair value using the net asset value (NAV) per share, (or its equivalent) of such investment funds as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value.

Below is a summary of investments accounted for at net asset value as of September 30, 2025:

	2025 Net Asset Value	2025 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity fund	\$ 1,162,020	\$ 154,667	N/A	N/A

If not determined as of River Valleys measurement date, NAV is adjusted to reflect any significant events that would materially affect the value. Certain attributes that impact fair value may not be reflected in NAV, including but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If River Valleys sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment.

4. Pledges Receivable, Net

Pledges receivable at September 30, 2025 are expected to be collected as follows:

	2025
Less than one year	\$ 20,070
One to five years	<u>648,180</u>
Gross pledges receivable	668,250
Less discount to net present value	(30,866)
Less allowance for uncollectible pledges	<u>(14,140)</u>
Net pledges receivable	<u>\$ 623,224</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, 2025.

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5. Land, Buildings and Equipment, Net

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

	<u>2025</u>
Land and improvements	\$ 3,950,029
Buildings and improvements	26,178,052
Equipment	3,020,643
Computers and software	1,470,147
Transportation equipment	684,622
Construction in progress	<u>572,555</u>
	35,876,048
Less accumulated depreciation	<u>(22,422,354)</u>
	<u>\$ 13,453,694</u>

Construction in progress at September 30, 2025 consists of information services project and various projects at Camps Edith Mayo, Elk River, Lakamaga and Singing Hills and all except one are scheduled to be completed in fiscal year 2026. One project at Camp Elk River is expected to be completed in fiscal year 2027. The projects were funded from donor gifts, general operations and board approved transfers from the board designated - property fund endowment.

6. Line of Credit

River Valleys has \$2,000,000 available under a line of credit which expires August 10, 2026. The interest rate is equal to Prime less .5%. The effective rate was 6.75% at September 30, 2025. 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, 2025. The line of credit is secured by all inventory and equipment and fixtures. Interest expense was \$5,833 for the year ending September 30, 2025.

7. Restrictions and Limitations on Net Asset Balances

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

	<u>2025</u>
Programs	\$ 325,905
Time restricted	651,668
Endowment	<u>5,461,155</u>
Total	<u>\$ 6,438,728</u>

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

	<u>2025</u>
Programs	\$ 629,544
Time restrictions met	<u>466,338</u>
Total	<u>\$ 1,095,882</u>

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8. Endowment

River Valleys' endowment consists of 15 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.

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, 2025:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 5,461,155	\$ 5,461,155
Board designated endowment funds	\$ 7,869,103	\$ -	\$ 7,869,103
Total endowment net assets	\$ 7,869,103	\$ 5,461,155	\$ 13,330,258

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Changes in endowment net assets for the year ended September 30, 2025 were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2024	\$ 7,320,563	\$ 5,159,066	\$ 12,479,629
Investment return:			
Investment income	112,254	76,029	188,283
Net appreciation, realized and unrealized	516,223	338,926	855,149
Change in value of community foundation holdings	21,998	1,440	23,438
Total investment return	650,475	416,395	1,066,870
Contributions	-	39,619	39,619
Board approved transfer	115,385	-	115,385
Appropriation of endowment assets for expenditure	(217,320)	(153,925)	(371,245)
Endowment net assets, September 30, 2025	<u>\$ 7,869,103</u>	<u>\$ 5,461,155</u>	<u>\$ 13,330,258</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, 2025.

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.

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Spending Policy and How the Investment Objectives Relate to Spending Policy

For the year ending September 30, 2025, 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.

9. Operating Leases

River Valleys leases space in Mankato, Minnesota, under a lease agreement that ends in September 2027. As of September 30, 2025, monthly payments for the leased space are \$2,031. In addition, River Valleys leases office equipment with monthly payments that total \$1,721, under lease agreements in place through November 2028. Total lease expense for the period ending September 30, 2025 was \$56,815.

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

Years Ending September 30:	
2026	\$ 44,968
2027	26,316
2028	2,520
2029	210
	<hr/>
Total	\$ 74,014

10. 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 statement 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 consolidated financial statements as in-kind donations are offset by like amounts included in expenses and land, buildings and equipment. During 2025, River Valleys recognized \$20,000 of in-kind donations.

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

11. 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.

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National Girl Scout Council Retirement Plan

River Valleys participates in the National Girl Scout Council Retirement Plan (NGSCRP, 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 \$356,151 during the year ended September 30, 2025. These contributions represented 1.2% of total contributions into the Plan during the year ended September 30, 2025.

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 NGSCRP the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRP 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 year 2025 was \$29.7 million. 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.

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.

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 year ending September 30, 2025. Employer matching contributions to the plan totaled \$187,915 for the year ended September 30, 2025.

12. 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 year ended September 30, 2025, purchases from the national organization totaled \$284,290.